

SUMMARY OF MAJOR CHANGES TO  
DFAS-IN REULATION 37-1, CHAPTER 13  
"PRICING FOR MATERIEL AND SERVICES"

All changes are denoted by blue font

Substantive revisions are denoted by a ★ preceding the section,  
paragraph, table or figure that includes the revision

Hyperlinks are denoted by ***underlined, bold, italic, blue font***

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
1308	Revised paragraph 1308 to clarify and modify Exchange Pricing policy.	Refresh

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## CHAPTER 13

PRICING FOR GOODS AND SERVICES1301 GENERAL

This chapter provides guidance for pricing goods and services provided by one Department of Defense (DoD) activity to another DoD activity, to a non-DoD U.S. Government agency, and to private parties. Additional guidance can be found in the Department of Defense Financial Management Regulation (DoD FMR), Volumes 11A and 11B.

1302 RESPONSIBILITIES

130201. The Army's Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)) will:

- A. Provide staff guidance and supervision over the distribution of unit prices and changes through the catalog system.
- B. Develop and determine uniform principles and policies to establish and maintain unit prices.

130202. The Policy, Plans, and Resources Division (DALO-SAA) of the Directorate of Security Assistance will coordinate nonrecurring Research, Development, Test and Evaluation (RDT&E) and production pro rata charges and will ensure that non-recurring costs (NCs) legally due the U.S. Government are collected.

130203. The Commanding General (CG), Army Materiel Command (AMC) will perform the following:

- A. Establish and publish prices in the Army Master Data File (AMDF).
- B. Review and recommend revisions of supplementary charges.

130204. Heads of other Army Commands (ACOM) will establish prices on the following items:

- A. Items and services coded for ACOM management

purposes.

- B. Items not required to be reported to the appropriate inventory manager for disposition instructions.

130205. Heads of Army Staff agencies and ACOM will initiate and adopt schedules of fees and charges consistent with procedures in this chapter and the DoDFMR Volumes 11A and 11B.

#### **PART I. PRICING OF DEFENSE WORKING CAPITAL FUND-SUPPLY MAINTENANCE ARMY (DWCF-SMA) MATERIEL**

##### **1303 STANDARD PRICE CONSTRUCTION: DWCF ITEMS**

130301. Each inventory item will have a single standard price, established by the responsible inventory manager, which will be used for inventory valuation and sales. All sales will be at standard price except where covered by paragraphs 130503 and 130504. To stabilize DWCF prices, update the standard price of each DWCF-SMA item annually prior to the beginning of each fiscal year (FY). The price will include the latest known representative acquisition cost (LAC) plus authorized cost recovery rate. Table 13-4 shows the costs applicable to the standard price for DWCF-SMA inventory items.

130302. Price stabilization. The standard price for a National Inventory Control Point (NICP) managed catalogued item should only be changed at the beginning of the FY and remain constant thereafter except as provided in paragraphs 130401 and 130805 E.8. The stabilized price of an item becomes effective for billing purposes on the first day of the FY. When notice of the price change is received, adjust DWCF-SMA undelivered orders and unfilled customer orders to reflect the latest stabilized price.

130303. Standard price and credit values are established at the President's Budget submission by the Director of Business Resources, Assistant Secretary of the Army (Financial Management and Comptroller) (SAFM-BUR). The price and credit values are based on Latest Acquisition Cost (LAC) and Loaded Repair Cost (LRC) data updated during the Program Objective Memorandum (POM) submission, approximately 18 months prior to the year of execution. Finalized price and credit values are established when OSD's Program Budget Decision (PBD) 426 provides final pricing guidance.

130304. The Army controls prices and credit only for the following items:

A. Primary Inventory Control Activity (PICA) items.

1. Standard Price calculated as LAC plus Cost Recovery Rate (CRR) or Loaded Repair Cost plus CRR, if LRC is greater than LAC. LRC consists of average repair cost for all sources of repair plus washout replacement costs.

2. Serviceable credit for items with national need is calculated as standard price less CRR.

3. Unserviceable credit for items with repair programs is calculated as serviceable credit less LRC.

B. Secondary Inventory Control Activity (SICA) items.

1. Serviceable and unserviceable credit values for Non-consumable Item Materiel Support Code (NIMSC) "5" items are set at 65 percent of standard price.

2. Serviceable credit values for other NIMSC items are set at standard price less cost recovery rate (CRR) for items with National need; otherwise serviceable credit is set to zero.

3. Unserviceable values for other NIMSC items are set at serviceable credit less repair and washout replacement costs for items with National repair programs; otherwise unserviceable credit is set to zero.

C. Non-Army Managed (NAMI) items. Serviceable credit calculated at 3 percent of standard price.

130305. Notwithstanding paragraph 130304. A. 3, unserviceable credit of 65 percent of standard price will be granted to organic depots for unserviceable turn-ins of PICA items related to end item overhaul being performed under Depot Maintenance Inter-service Support Agreements (DMISA).

130306. The establishment of LAC should be evidenced by a current contract, purchase order, or invoice for the latest Army representative purchase quantity or by current production cost records for inventory items that are produced organically.

Judgment may be required in modifying prices to allow for contract price revisions and other known factors affecting typical current procurement or production costs. Use the current costs rather than past or projected costs. If necessary, spread high initial costs of production over the estimated total production not yet covered by contracts. These costs may include production tool-up and learner's training for which there will be benefits in future production. Also, include the cost of government-furnished material (GFM) applicable to the procurement or repair of items in the cost of the items.

A. As an alternative to current procurement or production cost, LAC may also be based on a weighted average of the unit costs for all purchases that occurred within the review period used for the annual standard price update. Prices may vary greatly between different vendors within a single normal procurement lot or within the same vendor with a wide range of commercial configurations, making it necessary to calculate a weighted average of the prices.

B. Undefined Contract Actions (UCAs) may be used as the basis for updating LAC. However, in these cases the "not to exceed price" will be used, not the "award price". The narrative justification must contain both the "not to exceed" price and the "UCA award price."

C. For items without a procurement history, estimate LAC for inventory valuation purposes based on current manufacturer's price listings or market price quotations; however, do not use estimated prices for sales.

D. When items are exchanged (traded-in), any allowance will be a reduction of the purchase price. Do not consider the allowance in setting a standard price.

130307. Depot modification of items in inventory is treated as procurement costs. Add the cost of modification to the existing LAC to arrive at the revised LAC. This applies only when a representative quantity of the items is modified and a separate stock number is established.

130308. Some assemblies produced by assembling component parts are not procured in their entirety. For these items LAC should include:

A. The inventory value of the component parts withdrawn from DWCF-SMA inventory at standard prices.



B. The value of materiel acquired from sources other than DWCF-SMA.

C. The assembly cost chargeable to DWCF-SMA.

130309. The cost of items procured by means of multiple year contracts will be the cost paid for each item. The acquisition cost may include up-front costs, such as setup costs that will not be incurred in future years. In these situations, prorate the setup cost over the total planned volume of items being purchased under the contract. If termination costs are incurred or if minimum guaranteed amounts for items procured are not met, record the additional costs paid under the terms of the contract as DWCF-SMA operating costs for "other services" rather than the acquisition cost of specific items procured.

130310. The standard price is composed of the latest acquisition cost (LAC) and a cost recovery rate. The cost recovery rates are included in the standard price to recover operating expenses incurred by the DWCF-SMA. The cost recovery rate consists of elements for transportation, inventory expense, wholesale logistics operations, and material inflation. Although the cost recovery rate consists of several definable elements, the ultimate purpose of the cost recovery rate is to maintain consistency with the operating budget for DoD customers. SAFM-BUR-S will develop cost recovery rates for each Army major materiel category and submit proposed cost recovery rates to DoD for approval.

A. Transportation. Include in transportation costs amounts financed by DWCF-SMA fund, which include movement of DWCF-SMA-owned materiel within CONUS, and to and from outside continental U.S. (OCONUS). Activities will not return DWCF-SMA items without disposition instructions. Customers returning items not approved by the applicable wholesale manager will not cite DWCF-SMA funds for shipping.

B. Inventory Expenses. Separate cost recovery rates for inventory expenses will be established by materiel category. Normally, the cost recovery rates should include losses on all current purchases. Losses on stock acquired before setting the rates should not be used in setting current cost recovery rates. Normal inventory expenses included in the cost recovery rates are the net of losses and gains from incoming and outgoing shipments, physical inventory adjustments, inventory losses due to shrinkage, theft, deterioration, damage, contamination, defective items, obsolescence, and adjustments to reconcile internal records. The obsolescence portion of the cost recovery rate is used only to replace obsolete or modified items retained in the wholesale inventory. It is not intended to cover all Defense Reutilization and Marketing Service (DRMS) actions during a FY. Extraordinary losses, such as those due to armed hostilities, riot, or significant damage due to fire, inventory losses, are not included in the cost recovery rate for inventory expenses.

C. Wholesale logistic Operating costs. The wholesale expense of procurement, warehousing, PC&H, or any other functions of supply administration pertaining to a DWCF-SMA item is financed by the DWCF-SMA. These expenses are included in the standard price.

D. Material Inflation. The material inflation element is designed to compensate for inflation or deflation experienced on procurement during the time that prices are in effect. The DWCF-SMA will issue the refund (a lump sum payment) of excess current year funds with Treasury to customer accounts at appropriation level rather than through the pricing structure.

130311. No assessment of first-destination transportation costs should be included in the cost recovery rate (CRR) when the materiel is procured free on board (f.o.b.) destination, because the purchase price includes these costs. For second-destination transportation a cost recovery rate based upon a percentage factor of budgeted costs will be used.

130312. The following costs are also not included in the standard price:

- A. Nonrecurring research and development costs.
- B. Nonrecurring production costs.

130313. All vendors' discounts allowed to the U.S. Government for payment of accounts within a prescribed time are treated as cash discounts. Cash discounts are not deducted in determining the purchase cost. Reductions from list or catalog prices are trade discounts. Trade discounts are deducted in determining the standard price of an item.

130314. The procedures for the annual price update are as follows:

A. Remove each item cost recovery rate for the October 1 price update

B. Enter the latest representative acquisition cost, the weighted average cost, or the "not to exceed price" for a UCA that occurred within the review period for the annual standard price update.

C. Apply the new cost recovery rates to the acquisition cost to compute the new standard price.

130315. For annual financial reporting, the Defense Finance and Accounting Service - Headquarters (DFAS-HQ) will provide annual adjustment factors (Army, Defense Logistics Agency (DLA), and other services cost recovery rates) for adjusting DWCF-SMA inventory values to the latest acquisition cost. Use these factors to adjust inventories valued at standard prices on the latest AMDF to latest acquisition cost for both whole-sale and retail inventory values. The ASA (FM&C) (SAFM-BUR-S) will provide annual adjustment factors for unserviceable carcass rates and excess items rates.

130316. The total serviceable and unserviceable credit allowed to an Army customer during a FY is limited to the credit value of the items issued during the year. This "one-for-one" policy ensures that only the sales revenue is returned to the customer that is excess to the cost of repairing the returned items needed to replace items sold. Maintaining a balance between customer credit and sales prevents a cash loss to Army Working Capital Fund, which would otherwise be recovered in higher, future rates to customers. HQ, AMC is responsible for developing and implementing procedures to ensure that this "one-for-one" policy is adhered to.

130317. Notwithstanding paragraphs 130304.A.2 and 130304.A.3, both serviceable and unserviceable credit should be

set to zero for PICA reparable items, which are obsolete or obsolescent, when sufficient serviceable assets are on-hand to satisfy anticipated future demands for the remaining service life of the item. Unserviceable credit only should be set to zero when on-hand serviceable and unserviceable assets combined are sufficient to satisfy such anticipated future demands.

130318. Notwithstanding paragraphs 130304.A.2 and 130304.A.3, both serviceable and unserviceable credit should be set to zero for PICA reparable items, which are in long supply, when sufficient serviceable assets are on-hand to satisfy anticipated future demands for the current future first budget year and one additional year. Unserviceable credit only should be set to zero when on-hand serviceable and unserviceable assets combined are sufficient to satisfy such anticipated future demands.

130319. The Director, Business Resources, ASA (FM&C), may disallow all credit for materiel returns from deployed units during contingency or combat operations and charge Standard Price for all demands. In such cases, it is essential that the units or theaters affected are funded sufficiently to pay Standard Price without credit. Disallowance of unserviceable credit might be justified by the stressing of repair parts in extreme operating conditions which results in higher than budgeted washout rates. Another factor might be the increased procurement levels and high procurement costs (emergency buys) required by the slow return of unserviceable assets from deployed units for induction into repair lines.

#### 1304 CRITERIA FOR REVISING DWCF-SMA UNIT STANDARD PRICE

130401. The approval authority for price and credit changes after they are locked at the President's Budget is either the Director of Business Resources, Assistant Secretary of the Army (Financial Management and Comptroller) (SAFM-BUR) or Headquarters, Army Materiel Command (AMC), G-8, as specified in table 13-9; however, any change resulting in a negative impact on OPTEMPO buying-power or Army Working Capital Fund (AWCF) cash of one million dollars or more must be approved by the Director of Business Resources (SAFM-BUR).

130402. AMC Life Cycle Management Commands (LCMC) must retain supporting documentation for each price or credit change through the period during which the new price is in effect. During the year of execution AMC will submit quarterly reports to the Director, Business Resources (SAFM-BUR) identifying all

National Item Identification Numbers (NIINs) for which price and credit values have been changed in the Army Master Data File (AMDF), specifying the month the NIIN was changed, a brief description of the rationale for the change, and a summary of the impact on OPTEMPO and total Army customer buying-power. In June, prior to the year of execution, AMC will submit a summary report to SAFM-BUR listing the proposed NIINs requiring price and credit changes in the President's Budget table. Include the reasons for the changes, and a summary of the impact on OPTEMPO buying-power and fund cash.

130403. A price and credit challenge process will be developed and managed by AMC for changes during the year of execution. Challenges may originate internally within AMC, at other Major Commands, or the HQDA staff. AMC will establish a central point of contact (POC) for price and credit challenges at each LCMC. Challenges will be reviewed by the central POC and, if required, referred to the appropriate item manager for review. Any price and credit changes that are made in accordance with criteria in items k through m of table 13-9, or that have a negative impact on OPTEMPO buying-power or AWCF cash of one million dollars or more, must be submitted to SAFM-BUR for approval. AMC may establish appropriate approval levels for challenges made IAW criteria in items a through o of table 13-9, but reporting requirements in paragraph 130402 remain.

130404. The central point of contact (POC) at each LCMC will also receive all requests for exceptions in specific cases to standard pricing. Enough data should be sent with the request to enable the LCMC POCs to evaluate their merits. For example, proposals to base pricing on the actual packing, crating and handling (PC&H) costs should include the cost finding technique for the actual costs and the reason why they are more equitable than applying the standard percentages. The requests should also include information showing why the alternate pricing methods are consistent with statutory requirements and in the best interests of the U.S. Government. Disputes that cannot be resolved at lower levels will be elevated through channels to HQ, AMC (G-8) and HQDA (SAFM-BUR-S).

130405. A significant error occurs when the correct and the published price differs by more than 10 percent. Correct these errors for DWCF-SMA items during the FY. Item managers will not update prices during the FY based upon a procurement action after the cut-off date for establishing the annual

stabilized price. NICPs will document the reason for each price change during a fiscal year and maintain documentation for review for the period that the new price is in effect.

1305      SALES, ISSUES, AND REIMBURSEMENTS: DWCF-SMA ITEMS

130501. Except for cases in which paragraphs 130503 and 130504 apply, all charges for sales, issues, and reimbursements of items from inventory will be at the standard price in effect when the items are dropped from inventory. However, transfers to Foreign Military Financing (FMF) recipients and sales to FMS customers of new or overhauled non-excess materiel will be per the DoDFMR, Volume 15, Chapter 7. Sales of materiel and recurring services in support of purchases to the Special Defense Acquisition Fund (SDAF) will be priced per the DoDFMR, Volume 15, Chapter 7 and DoD 5150.38-M, Security Assistance Management Manual, Chapter 14.

130502. Except as stated in this regulation, no materiel, supplies, or equipment under DWCF will be issued, sold, or transferred unless the fund is reimbursed. If determined by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) that the standard prices do not adequately recoup all costs, an additive factor may be charged by the DWCF for sales to FMS customers and private parties.

130503. Reductions from standard price are made when:

A. The potential DoD excess property held in the DWCF-SMA fund will:

1. Give fair value to the user.
2. Encourage sales.
3. Reduce the supply on hand.

B. There is a difference in utility or desirability between an unused and a repaired or used major item or between a current and older model of a similar major item.

C. There are DWCF-SMA items and shelf type items that are close to or at termination date. Advance approval is required for this price reduction. Forward written requests for

price reductions with justification to Headquarters Department of the Army (HQDA), (SAFM-BUR-S), WASH DC 20310-0109 for approval before making a sale.

D. The DWCF-SMA item is in a less than "fully serviceable" condition. The price may be reduced by the estimated amount necessary to return the item to a "fully serviceable" condition when approved by the DWCF-SMA manager at the National Inventory Control Points (NICPs). Standard prices for sale of obsolete items may be reduced when approved by the OUSD(C).

E. Sales of DWCF-SMA items to private parties will be at the estimated replacement price (currently the standard price).

130504. Carry incomplete assemblies at standard prices, but at time of sale, the price may be adjusted to the extent necessary to ensure a fair charge to customers.

1306 WAIVER OF SMALL AMOUNTS: DWCF-SMA ITEMS DWCF activities must not waive reimbursement of any amount (See paragraph 131103).

1307 AMDF AND COST ESTIMATES: DWCF-SMA ITEMS

130701. For items with no procurement history, cost estimators will follow guidance in this section for pricing. Major Subordinate Command (MSC) resource management and cost analysis personnel will validate cost estimates.

A. Determine whether the item is to be replaced in kind, replaced with an improved item, or not to be replaced.

B. For replacement-in-kind, follow the guidance in paragraph 131202 for the replacement item.

C. For an item to be replaced with an improved item, apply the useful life formula for sales to other Federal agencies, and private party customers based upon the estimated contract cost of the replacement item less an adjustment for the

age and condition of the item being sold, if applicable.

D. For items not to be replaced, use the standard price.

E. Use the percentages in this chapter to estimate PC&H, transportation, and administrative charges.

★1308      EXCHANGE PRICING (EP): DWCF-SMA ITEMS

★130801. The Army has established a dual-pricing system for EP items, which includes all Army Managed Secondary Items (AMI) that have existing or planned National Repair Programs (See table 13-10 for a list of EP Terms). Selected Army customers are charged EP for recurring demands and Standard Price (SP) for non-recurring demands. Non-Army customers are charged SP and allowed a credit for returned items. Currently, Army EP customers include only those supported by Standard Army Retail Supply System (SARSS) and Global Combat Support System - Army (GCSS-A). Other Army customers will remain under SP until full implementation of [EP functionality](#) in the Enterprise Resource Planning (ERP) [solutions](#).

130802. Exchange Pricing (EP) means that serviceable items are sold at a discounted price that anticipates the return of an unserviceable carcass. EP will result in the same net price as for SP customers, when the SP customer purchases a serviceable item and returns an unserviceable repairable item for credit. If a customer return is not received from an EP customer within a prescribed time period before or after the requisition is filled, called the "Delay Days Period" (DDP), the customer is charged a "Delta Bill", the difference between Standard Price and Exchange Price. The National Stock Number-by-National Stock Number (NSN-by-NSN) credit process remains under Exchange Pricing, but for Army customers it applies only to serviceable returns of items that do not have an Exchange Price. Unserviceable credit is eliminated for Army EP customers. EP implements "One-for-one" control over credit issued for material returned from Army customers and ensures that the fund does not outlay more cash than is affordable. The DDP parameter will initially be set at 60 calendar days for all EP customers.

★130803. The Army Master Data File (AMDF) will contain three new data elements maintained by Logistics Support Agency (LOGSA). The new data elements are:



A. Exchange Price (EP) - will be established for National Stock Numbers (NSN) that are in existing or planned National Repair Programs. The Exchange Price equals Loaded Repair Cost (LRC) plus Cost Recovery Rate (CRR). LRC is a formula, which comprises Average Repair Cost (ARC) and Washout costs for each class of repair, i.e. organic depot, contract depot and below-depot (see Table 13-10). It is separately calculated for each class of repair and then rolled up to the prime NSN level. The ARC is a blended average of the Unit Funded Costs (UFC) for the three classes of repair. The weighting factors for each class are the repair quantities projected during the budget stratification which takes place during the POM cycle price build. The contract depot and below-depot UFCs are each based on a single year of historical average repair costs, while the organic depot UFC is based on a three-year average with the average being weighted 80 percent towards the most recent year and 10 percent towards each of the other two years. Washout Cost funds the replacement through acquisition of unserviceable items sent to a repair facility that cannot be repaired; however, washout costs are only included in the EP, when the projected asset position of the component requires it. The CRR funds the anticipated AWCF outlays in the budget year for Supply System Costs of Operations. See paragraphs 130310 and 130311 for costs to be included in CRR. For purposes of EP calculation, the CRR shall be applied to Latest Acquisition Cost (LAC) to ensure that CRR costs charged to EP customers are the same as those charged to SP customers. See paragraphs 130306, 130307, 130308, 130309, and 130312 for the derivation of LAC.

B. Serviceable Exchange Price Return (SEPR) - will be established for the return of serviceable EP items. SEPR equals Exchange Price minus CRR.

C. Delta Bill (DB) - an additional customer obligation for EP issues that are not matched with a return of an item within the same Family of NSNs. To match, returns must be received within the DDP window before or after the date of issue. The Delta Bill equals Standard Price minus Exchange Price. It funds the AWCF to replenish stockage for issued items that need to be replenished by acquisition, rather than repair.

★D. Minimum values for Delta Bills will be \$501. In cases where the difference between LAC and loaded repair cost (LRC) is less than \$501, Delta Bill values will be set to zero in the catalog. Minimum values for SEPR will be \$51.00. In

cases where the LRC is less than \$51, SEPR will be set to zero in the catalog. Delta bill and SEPR values will be set to zero for non-EP items.

★130804. The following rules apply to Exchange Pricing:

A. There will be a single EP for Prime NSNs and all related NSNs within a Family of NSNs, where the Army is the Primary Inventory Control Activity (PICA) for all items in the Family.

B. Army Managed Item (AMI) NSNs for which the Army is the Secondary Inventory Control Activity (SICA) will also be EP items, when they have existing or planned National Repair Programs, but they will not be included within the same Families of NSNs as AMI PICA items. For SICA items that are coded Non-consumable Item Materiel Support Code (NIMSC) "5" EP will be set at 35 percent of SP and the Delta Bill will be set at 65 percent to be applied for failure to return an item within the DDP parameter. EP and Delta Bill values will be calculated by the same method as for AMI PICA items for EP SICA items with other NIMSC codes.

C. Delta Bills will be applied to the fiscal year and document number of the original obligation. Therefore, units will process Miscellaneous Obligation Documents (MOD) during year-end closeout for the estimated Delta Bills that are expected to be incurred during the subsequent year because of unmatched issues in EP tracking that are nearing expiration of the DDP. The process for disputing erroneous Delta Bills is in paragraph 130807 A., below. All financial transactions processed after the effective date of a catalog change from EP to SP or SP to EP will be at the new catalog value.

D. Exchange Price, Standard Price, and credit values are based on LAC and repair cost data updated during the POM submission, approximately 18 months prior to the year of execution. Finalized Exchange Price, Standard Price, and credit values are established at the President's Budget (PB) when OSD provides final pricing guidance. Any price or credit changes after PB submission require approval by HQ, AMC or HQDA (ASA (FM&C)) (See Table 13-9).

E. Those Supply Support Activities (SSA), which have been approved by DA G-4 to remain in an Operations & Maintenance (O&M) environment, are billed Standard Price for all items.

★F. An Army EP customer will receive purchase price credit for issues with Quality Initial Failure (QIF) and up to the purchase price for issues with Product Quality Deficiency Report (PQDR). Units should turn such items in to their servicing Supply Support Activities upon receipt of an approved QIF/PQDR and disposition instructions from the Life Cycle Management Command (LCMC). The turn-in will be processed in SARSS with a Document Identifier code (DIC) of "D6A", a project code of "PQDR or QIF" and a condition code (CC) of "F". The system will then convert the DIC to "D6R" and the CC to "Q". LCMCs will refund any Delta Bills incurred because of delayed disposition instructions at the time of PQDR/QIF resolution, so there is no need to dispute them. If the LCMC disapproves the PQDR/QIF, the item may be turned in with a condition code of "F". The unit may then arbitrate any Delta Bill which results from the delayed turn-in for up to 92 calendar days after the disapproval of the QIF/PQDR.

G. Funds Control Module (FCM) will adjust obligations for individual items that are changed from SP to EP and from EP to SP. It will also adjust obligations for requisitions that are affected by price changes that occur at the beginning of a fiscal year or during a fiscal year. Upon issue the customer will be billed for the current applicable price, irrespective of the price in effect at the time of the requisition.

★130805. EP Tracking System

EP includes a tracking system for matching customer returns against serviceable issues of like items and vice versa. The system holds all unmatched issues and turn-in transactions in tracking for the length of the DDP parameter pertaining to the specific customer. A customer will normally be a four-digit parent Unit Identification Code (UIC) except in cases where the customer has requested that specific Department of Defense Activity Address Codes (DODAAC) be treated as separate customers (See paragraph 130805.G., below). For purposes of tracking the date of issue is the SARSS date of write of the issue to the customer (DIC: A5\_) and the date of turn-in is the SARSS date of write of the turn-in document (DIC: D6R). For matching purposes like items will be considered to be those in the same Interchangeability and Substitutability (I&S) family for PICA items (See AR 710-1, paragraph 2-4). Matching will occur first within the DODAAC and then within the parent UIC.

A. When an issue occurs, the tracking system attempts

to match it with the oldest turn-in that is already in tracking for that NSN family and customer. If a match occurs, both the issue and turn-in transactions are posted to history and no Delta Bill is processed. If there is no turn-in residing in tracking, a clock is started in tracking for the issue, which runs for the length of the DDP. If no matching turn-in occurs within the DDP, a Delta Bill is triggered for the issue document and the issue is posted to history.

B. When a serviceable turn-in occurs, the tracking system attempts to match the turn-in with the oldest issue that is already in tracking. If a match occurs, the customer is granted SEPR credit and both the issue and turn-in transactions are posted to history with no Delta Bill being processed. If no match occurs, a clock is started in tracking for the turn-in, which runs for the length of the DDP. If a matching issue occurs within the DDP for that NSN family and customer, the customer is granted SEPR credit and both the issue and turn-in transactions post to history with no Delta Bill being processed. If no matching issue occurs within the DDP, the serviceable turn-in transaction posts to history and no SEPR credit is granted for that turn-in.

★C. When an unserviceable or condemned turn-in occurs, the EP Tracking system attempts to match the turn-in with the oldest issue that is already in tracking for that NSN family and customer. If a match occurs, both the issue and turn-in transactions are posted to history and no Delta Bill is processed for the issue. If there is no issue residing in tracking, a clock is started in tracking for the turn-in, which runs for the length of the DDP. If a matching issue occurs within the DDP for that NSN family and customer, both the issue and turn-in transactions post to history, and no Delta Bill is processed. If no matching issue occurs within the DDP, the unmatched turn-in transaction posts to history.

★D. When an Army EP customer is issued a valid substitute item, which is outside the I&S family of the item requisitioned, EP tracking will automatically establish a temporary prime/sub relationship between the substitute item and the item requisitioned, so that a turn-in from the NSN family of the item requisitioned will match with the substitute item, thus precluding a Delta Bill being charged. This temporary prime/sub relationship will only apply to this single issue transaction.

★E. Requesting cross-family financial links in EP tracking between items of different Interchangeability and

Substitutability (I&S) families. Army EP customers or item managers at the LCMCs may request that a matching relationship be established in EP tracking between NSNs of different I&S families. Such links may be requested in cases of 1) catalog errors in which two items of different I&S families should properly be in the same I&S family and 2) direction from LCMCs to replace obsolescent parts or components from one family with modernized parts or components from another family in an end item. When approved, [Financial Cross Links \(FXL\)](#) will prevent [Delta Bills](#) by causing the turn-ins of the obsolescent items to match with the issues of the modernized items in EP tracking. They will also result in SEPR credit being granted, when the obsolescent item turn-ins are in a serviceable condition. When component replacements are directed by the LCMC, the prices of the modernized components will be raised sufficiently to prevent a fund cash loss that would otherwise result from the necessity of replenishing inventory through acquisition rather than repair.

★1. A process [has been](#) established for submission, routing, approval, status reporting, and implementation of requests for [Financial Cross Links](#). This process will initially be implemented through the EP Help Desk. As soon as practical, the functionality will be incorporated into the Exchange Pricing (EP) tab of the Funds Control Module (FCM) web site ([URL:https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx](https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx)).

★2. Requests will be emailed to the EP Help Desk ([FXLhelp@att.com](mailto:FXLhelp@att.com)) with the words, "Request for Financial Cross Link" in the subject line. [The Financial Cross Link \(FXL\) request form is at table 13-11 of this regulation. It is also posted on the Transformation Integration Portal \(URL: https://tip.ssf.army.mil\).](#) The requester will complete this form and attach it to the requesting email. When applicable, the requester will also reference or attach the directive or technical manual, which directs the upgrade. The EP Help Desk will first check to see whether the requested link has already been submitted by another customer. If so, they will send notification of that fact to the requester. If the request is a new one, the EP Help Desk will assign a tracking number to it, route it to [a designated point of contact \(POC\)](#) at the appropriate LCMC, and send notification to the submitter. The LCMC designated POC will assign it to an appropriate person for validation and send an email to the [EP Help Desk](#) with the name, phone number, and email address of the assigned validator.

★3. The assigned validator in consultation with the program or product manager, as required, will determine whether the requested link should be established. The recommendation will then be communicated to the LCMC designated POC. If the catalog needs to be corrected, the response will indicate this, and give an estimated date for placing the items in the same I&S family. In this case, [subject to the approval of HQ, AMC and ASA \(FM&C\)](#), a temporary link should be established in EP Tracking to allow the items to match until the catalog is corrected. If the items need to remain logistically distinct, but financial matching is recommended, then a permanent link will be established in EP tracking, [again subject to the approval of HQ, AMC and ASA \(FM&C\)](#). The validator response will also indicate: 1) whether all the NSNs in the two I&S families should be linked or only some and 2) whether matching should be one-way or two-way. If the recommendation is based on a catalog error, action will be started to correct the Order of Use File (OOUF) by placing the items in the same I&S family. The LCMC designated POC will notify the EP Help desk, when this is accomplished, so that the now unnecessary link in tracking may be removed. The LCMC may recommend a price increase to prevent a fund cash loss. The price increase should cover the increased costs required to replenish the modernized items through acquisition (versus repair) and any retroactive credit; however, the current asset position should be taking into account in the decision of whether a price increase is required. Retroactive credit may be granted for delta bills that occurred prior to establishing the link back to the beginning of the fiscal year; however, this is subject to affordability to the fund. The price increase recommendation should cover the current year and future years until the next budget year. Retroactive credit may be recovered over more than one year, if the price increase would otherwise place an inequitable burden on the end-of-year sales base. The LCMC designated POC will approve or disapprove the recommendation and return their decision with all supporting data to the [EP Help Desk](#).

★4. If the request is disapproved, the EP Help Desk will notify the submitter with the reason for the decision. If the request is approved, the EP Help Desk will forward it to the Revolving Funds Division of the HQ, AMC G-8. The HQ, AMC G-8 will review the request and return it to the EP Help Desk with their decision. If the request is disapproved, the EP Help Desk will notify the submitter and the [LCMC designated POC](#) with the

reason for the decision. If the request is approved, the EP Help Desk will forward it to the Supply Management Division of Army Budget Office and the Secondary Items Division of G-4 at HQDA. The Supply Management Division of Army Budget Office will periodically submit AMC validated requests to the Director, Business Resources, ASA (FM&C), who is the final decision authority. The Supply Management Division will send final decisions to the EP Help Desk, which will disseminate the decisions to the requester, HQ, AMC G-6 HQ, AMC G-8, and the LCMC designated POC. Decisions for approved requests will include the effective and sunset dates of the decision, and the required price changes to the modernized component for each fiscal year during which the decision will be in effect, and the retroactive period for which Delta Bills will be reversed.

★5. AMC G-6 will establish the approved cross-family links in EP Tracking on the effective dates. The decision authority might make decisions retroactive to the beginning of the fiscal year, the date of the request from the field, or some other date. In this case, the LCMC will reverse all Delta Bills for the modernized component that occurred between this retroactive date and the effective date of the decision. However, this will only be done, if there was an unmatched turn-in of the obsolescent component in tracking, which would have matched the issue, had the cross-family link been in effect at the time. This turn-in, however, must not have subsequently matched with another issue. AMC G-8 and the LCMCs will ensure that the catalog and the systems are updated with the new price for the modernized component on the effective date.

★6. During the fiscal year of the sunset date of an approved Financial Cross Link or earlier, the LCMCs should decide whether there is a need to continue the link and submit positive or negative recommendations through HQ, AMC G-8 to Army Budget Office. These recommendations should include the same data as for the original requests, including recommended price adjustments (see paragraph 130805. E. 2. above). If the need for these links can be predicted in advance, the price adjustments may be built into the Army Price and Credit Table (APACT) during the budget cycle; however, approval from HQ, AMC G-8 and Army Budget Office to establish the link in the budget year must be obtained in advance. Army Budget Office will notify AMC G-6, AMC G-8, and the LCMC of decisions on requests to extend the sunset dates of Financial Cross Links. If the decision is negative, AMC G-6 will disestablish the cross-family



link on the original sunset date. If the decision is positive, AMC G-8 and the LCMC will establish the approved prices in the catalog for the fiscal year (s) of the extended period.

★7. AMC G-6 will develop queries for providing analytical data from the FCM Data Warehouse for supporting the LCMC estimates of the sales and replacement quantity estimates (see paragraph 130805. E. 3. above). This data will be provided to the LCMCs, AMG G-8, or Army Budget Office upon request. The LCMCs may use it to estimate sales of the modernized component and the number of Delta Bills that will be lost and additional SEPR credit that will be granted as a result of establishing the cross-family links. These queries may also be used to track the actual number of matches between modernized and obsolescent components for each established link for purposes of validating the initial sales and replacement quantity, and price increase estimates to support possible future price adjustments. Price adjustments may be made either prior to or during the year of execution.

★8. To ensure transparency AMC G-6 will maintain a status report for Financial Cross Link requests that are pending approval to include the stage of processing. AMC G-6 will also maintain a list of approved and disapproved Financial Cross Link requests. Updated versions of these reports will be posted on the EP tab of the Transformation Integration Portal web site (<https://tip.ssf.army.mil/TIPortal/default.aspx>) at least weekly and the reports will also be forwarded to the Supply Management Division of Army Budget Office and the G-4 Secondary Items Division at HQDA.

★9. If the LCMC establishes an I&S relationship between two items during a fiscal year, all prior Delta Bills to the beginning of the fiscal year may be reversed, if the issue transactions would have matched had the I&S relationship been in effect at that time. This practice may be followed even if the establishment of the relationship did not result from a customer request. However, the decision to grant retroactive credit is subject to affordability. If retroactive credit is allowed, any customer disputes based on this situation should be approved.

F. Logistics Information Warehouse (LIW) and FCM will contain reports visible to the users that show impending Delta Bills and unmatched serviceable turn-ins in tracking by DODAAC and parent UIC. LIW and FCM will also include separate reports for unmatched issues of non-EP recoverable items by DoDAAC and parent UIC.



★G. Isolation of DoDAACS in EP Tracking. There may be cases where it is necessary to isolate DoDAACs in EP Tracking, so that matching of issues with turn-ins will only occur within the specific DoDAACs and normal two-step matching with other DoDAACs within the same parent UIC will not occur. This might be necessary for certain non-deployed units to maintain the integrity of funding streams. In addition, when part of a parent UIC deploys to a theater, where Standard Pricing rules are in effect, while the rest of the unit remains at home station, either the deployed DoDAACs or the home station DoDAACs will be isolated in EP Tracking. This will prevent cross matching between deployed and non-deployed DoDAACS of the same parent UIC. The ACOM, ASCC, or DRU should submit email requests to Headquarters Army Materiel Command (AMC) G-6 to effect the isolation of DoDAACs with courtesy copies to ASA (FM&C). AMC G-6 will notify the requesting unit by email when the request has been implemented with courtesy copies to ASA (FM&C). AMC G-6 will send monthly cumulative reports to ASA (FM&C) for notification of the non-deployed DoDAACs that have been isolated by ACOM, ASCC or DRU.

★130806. DDP Parameter Change Requests. Customers may request a change to their DDP parameters; if they can justify that it is not practical to meet the standard DDP windows for issues and turn-ins due to the special circumstances of their operations. DDP Parameter Change Requests must be made at the DODAAC level.

★A. Process. Each ACOM, ASCC, and DRU will establish a process for receiving DDP Parameter Change Requests from within the command, assigning them to the proper authorities for validation, submitting validated requests to HQDA, and receiving decisions from HQDA. Validated requests will be submitted to Army Budget Office (SAFM-BUR-S), Assistant Secretary of the Army (Financial Management and Comptroller) (ASA (FM&C)) with information copies to G-4 (DALO-SUS- S (SI), HQ, AMC G-6 and HQ, AMC G-8. Points of contact and office symbols will be on the EP tab of the Transformation Integration Portal ([URL: https://tip.ssf.army.mil/TIPortal/default.aspx](https://tip.ssf.army.mil/TIPortal/default.aspx)). The decision authority is the Director, Business Resources, Army Budget Office in conjunction with the Director of Supply, G-4. Army Budget Office will maintain records of decisions and supporting documentation for at least one year after the end of the fiscal year to which the requests pertain and a permanent record for approved requests. Army Budget Office will return decisions to the sponsoring ACOM, ASSC, or DRU within 31 calendar days of

receiving the request with all required supporting documentation.

B. Documentation. DDP parameter change requests must be supported by justifying documentation that is complete and in sufficient depth to enable a decision to be made without further communication with the request originator. Supporting documentation must include:

★1. An explanation of the operational reason why [issues and turn-ins](#) for this DODAAC cannot be managed within the normal DDP window.

2. Documentation of work flow (level one work flow process map or descriptions) at the customer unit (UIC/DODAAC) for which the request is being made and the time standards or management objectives for reparable item issue to the point of repair (consumption) and return to the supply system.

3. The time standards or objectives for the major steps in this process.

★130807. Disputes of Delta Bills, denials of Serviceable Exchange Price Return (SEPR) credit, and erroneous SP billings for sales of EP items, which were coded as recurring demands by the requisitioner.

★A. There [is](#) a standard process for resolving unit disputes of EP adverse actions, such as Delta Bills, denials of SEPR credit, and erroneous SP billings for EP items.

★1. There [is](#) a standard dispute processing system for submission, routing, tracking and reporting of disputes [with](#) processing functionality [residing in](#) the FCM web site ([URL: https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx](https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx)). The system contains standard dispute submission templates. The EP tab of the Transformation Integration Portal [has](#) user manuals for dispute processing. Units and commands will use the standard template to submit disputes with all supporting documentation. [Units may only submit one dispute for each issue document number; however, if more than one disputable condition occurs with a single document number, units may seek relief for the other condition by submitting a ticket to the EP Help Desk. After 31 December, 2010 no further disputes will be accepted through the "epdisputes" mail box of the EP Help Desk.](#)

2. Each ACOM, ASCC and DRU will establish an internal process for submitting, routing and validating disputes within the command. The dispute processing system will include roles and permissions, which may be assigned within each command. There will be a central administrator for the dispute processing system within each ACOM, ASCC and DRU, who will implement and control the command's internal process by sub-delegating roles and permissions.

★3. ACOMs, ASCCs and DRUs may submit validated disputes, whenever they have documentary evidence that an unwarranted action will occur. They may do this without waiting for a Delta Bill to be processed or an unmatched serviceable turn-in to close in EP Tracking. If such pre-emptive requests for matching are approved, both the issue and turn-in transactions will be posted to history without a Delta Bill being processed and with SEPR being processed, if appropriate. For transactions under pre-emptive dispute the DDP clock will continue to run and matching may occur during the decision and appeal process, but financial triggers will be suspended until the case is decided. Disputes of adverse actions that have already occurred must be submitted with all supporting documentation no later than 92 calendar days after the occurrence of the action. Separate disputes must be submitted for each issue or serviceable turn-in document being disputed; bulk disputes for multiple document numbers are not allowed.

★4. Validated disputes with all supporting documentation will be routed to designated central points of contact at the appropriate Life Cycle Management Commands (LCMC). The LCMC points of contact for EP disputes will be posted on the EP tab of the Transformation Integration Portal (URL:<https://tip.ssf.army.mil>). Each LCMC will have an internal process for reviewing and deciding on disputes. See paragraph B., below for examples of valid criteria for disputing a Delta Bill. See paragraph C., below for examples of criteria for disputing the non-processing of SEPR credit for a serviceable turn-in. The LCMCs will return a decision to the submitting command through the dispute processing system with all required supporting documentation and the reason for the decision. The initial LCMC time standard for returning a decision is 20 calendar days after receiving the dispute. The goal is to reduce this to 10 calendar days, when EP achieves full operational capability. If the dispute lacks sufficient documentation to support a decision, the LCMC may return the dispute to the submitting unit or activity for additional

documentation. If this is not forthcoming within 15 calendar days, the LCMC may decide against the disputing command. In no case shall a delta bill or SEPR dispute be decided favorably, if the matching issue or turn-in transaction, which is the basis of the dispute, has already matched to another issue or turn-in transaction.

★5. Commands may appeal adverse LCMC decisions to the HQDA Dispute Review Board within 60 calendar days of receiving an adverse decision. The command may submit additional evidence to the board at the time it places the appeal. The dispute processing system will route the [original](#) dispute, the LCMC decision, [and the appeal](#) with all supporting documentation to the Board. The Board will consist of representatives from ASA (FM&C), DCS G-4, and AMC G-8, who will be appointed by the Director, Business Resources, ASA (FM&C), the Director for Supply, DCS G-4, and the AMC DCS G-8, respectively. The ASA (FM&C), HQDA G-4, and AMC G-8 points of contact for EP disputes will be posted on the EP tab of the Transformation Integration portal. The Board will meet as required depending on the number of appeals, but at least monthly. Board meetings may be virtual. In cases where consensus cannot be reached, the ASA (FM&C) representative will draft minutes for the Director, Business Resources, ASA (FM&C), which will note the disagreements. In such cases, final decisions will be jointly made by the Director, Business Resources, ASA (FM&C) and the Director of Supply, G-4. Decisions on appeals will be communicated to the appellant commands through the dispute processing system. Decisions will be final and the same adverse action may not be disputed more than once.

★B. Delta Bills may be disputed based on the following criteria (not all inclusive):

★1. The date of the unmatched issue was erroneous in [EP Tracking](#), so that the issue would have matched to a turn-in within the DDP window, if the date had been correct. The turn-in may either precede or follow the issue, but the dispute is only valid if the turn-in did not match to another issue in [EP Tracking](#).

★2. The date of a turn-in was erroneous in [EP Tracking](#), so that the turn-in would have matched to the issue charged with the Delta Bill within the DDP window, if the date had been correct. The turn-in may either precede or follow the issue, but the dispute is only valid if the turn-in did not match to another issue in [EP Tracking](#).

3. The processing date of the Delta Bill was erroneous, so that the issue charged with the Delta Bill would have matched to a turn-in within the DDP window, if the date had been correct. Such a dispute is only valid if the turn-in did not match to another issue.

★4. A turn-in document failed to post in EP Tracking or failed to post at the correct quantity, so that the issue would have matched to the turn-in, precluding the Delta Bill, had the turn-in quantity been correct.

★5. A unit incurred a Delta Bill because required additional supplies or parts on a work order were still on backorder after the customer received an EP item that was on the same work order. Lack of the backordered parts prevented the customer from starting the work order and returning the matching unserviceable EP item within the DDP. The disputing unit is required to provide the work order number and list the estimated ship dates (ESD) of the backordered parts. The dispute will be accepted if the ESD of the backordered parts does not allow sufficient time to complete the required repair and return the EP item within the established DDP. If the dispute is accepted, the Delta Bill will be reversed, but the oldest like item turn-in will be administratively closed in EP Tracking to preserve the "one-for-one" principle. If there are no like item turn-ins in EP Tracking, the dispute will be denied.

★6. A unit incurred a Delta Bill, because a requisition to replenish a turn-in was placed on long backorder status, so that the DDP for the turn-in expired before the requisition was filled (such requests must be supported by a screen capture from Parts Tracker on the LOGSA Logistics Information Warehouse (LIW) web site, URL: <https://liw.logsa.army.mil>). This criterion is only valid if the replenishment requisition was placed within 30 calendar days of the turn-in, which is the basis of the dispute and the turn-in is still unmatched at the time of the dispute. Exceptions might be granted if the unit provides a valid reason why the requisition was not placed within 30 calendar days, e.g. unit deployed on a special mission outside the Area of Responsibility (AOR).

7. A unit incurred a Delta Bill, because a replenishment requisition to replace items issued from a unit's Prescribed Load List (PLL) or shop stock was not placed until

the reorder point was reached, so that the DDP for an earlier turn-in expired before the replenishment requisition was filled. This criterion is only valid if the turn-in, which is the basis of the dispute, expired unmatched.

★8. A single issue posted twice in EP Tracking and there was no match for the second posting, so that the unit received a Delta Bill for the erroneous posting. In such cases the original duplicate billing for the issue should also be reversed.

★9. A turn-in document failed to match with an issue document, even though the turn-in occurred before the issue document DDP expired, because the DODAAC of the turn-in document became associated with the parent UIC of the issue document after the issue document entered EP Tracking. This criteria is also valid, if the documents fail to match, because the DODAAC of the issue became associated with the parent UIC of the turn-in after the issue document entered EP Tracking.

10. A turn-in document failed to match with an issue document, even though the turn-in occurred before the issue document DDP expired, because the NSN of the turn-in document became associated with the I&S family of the issue document after the issue document entered EP Tracking. This criterion is also valid, if the documents fail to match, because the NSN of the issue became associated with the I&S family of the turn-in after the issue document entered EP Tracking.

★11. Subsequent to the date of an issue document, which incurred a Delta Bill, and during the same fiscal year, an I&S relationship was established between the NSN of the issue document and another NSN, which was turned in and active in EP Tracking during the DDP of the issue document and would have matched to the issue, had the I&S relationship been established earlier. This criterion is valid even if the establishment of the relationship did not result from a customer request.

★12. Delta bills may not be disputed based on the assertion that an issue and a turn-in document should have been in the same I&S family, but were not, due to a catalog error or other reason. Such disputes will be rejected by AMC G-6 and returned to the disputant without being forwarded to the LCMC for review and any subsequent appeal of this decision will also be so rejected. However, see paragraph 130805 E. above for the process of requesting links in EP Tracking between items of different Interchangeability and Substitutability (I&S)

families.

★C. Non-receipt of SEPR credit for serviceable turn-ins may be disputed based on the following criteria (not all inclusive):

1. The date of an issue was erroneous in tracking, so that the issue would have matched to the serviceable turn-in within the DDP window, if the date had been correct. The issue may either precede or follow the turn-in, but the dispute is only valid if the issue did not match to another turn-in in tracking.

2. The date of the turn-in was erroneous in tracking, so that the turn-in would have matched to an issue within the DDP window, if the date had been correct. The turn-in may either precede or follow the issue, but the dispute is only valid if the issue did not match to another turn-in in tracking.

3. The turn-in transaction in tracking was posted to history before the DDP had elapsed, so that the return would have matched to an issue, if the posting date had been correct. Such a dispute is only valid if the issue did not match to another turn-in.

4. There was an issue document that failed to post in tracking or failed to post at the correct quantity, which would have matched with the turn-in within the DDP window, if the issue had been posted at the correct quantity.

★5. Failure to receive SEPR credit may not be disputed based on the assertion that an issue and a turn in document should have been in the same I&S family, but were not, due to a catalog error or other reason. Such disputes will be rejected by AMC G-6 and returned to the disputant without being forwarded to the LCMC for review and any subsequent appeal of this decision will also be so rejected. However, see paragraph 130805 E. above for the processing of customer requests for links in EP tracking between items of different Interchangeability and Substitutability (I&S) families.

D. Erroneous billings for sales of EP items, which were coded as recurring demands by the requisitioner, may always be disputed. See paragraph 130808, below, for procedures to dispute SP billings for recurring demands that were erroneously

coded as non-recurring demands by the requisitioner.

★E. Supporting documentation required for disputes of Delta Bills. Justification must be complete and sufficient to allow a decision without further communication with the originator. Data must include, but need not be limited to:

1. The criteria or rationale upon which the dispute is based (See paragraph B., above, for examples).

- ★2. The NSN and document number for both the issue transaction for which the Delta Bill is being disputed and the matching turn-in transaction, which is serving as the basis of the dispute. Also, the quantity being disputed, if the issue document is only partially unmatched.

3. For disputes based on ESD's (see paragraph B. 5., above) supporting data should identify the date of the unmatched turn-in, which would have matched to the issue, as well as the supply status transaction showing the ESD that caused the issue to be delayed beyond the DDP parameter.

★F. Supporting documentation required for disputes of non-receipt of SEPR credit for serviceable turn-ins. Justification must be complete and sufficient to allow a decision without further communication with the originator. Data must include, but need not be limited to:

1. The criteria or rationale upon which the dispute is based (See paragraph C., above, for examples).

- ★2. The NSN and document number for both the turn-in transaction for which the reversal is being disputed and the matching issue transaction, which is serving as the basis of the dispute. Also, the quantity being disputed must be included, if the issue document is only partially unmatched.

★G. Supporting documentation or information for disputes of erroneous billings of EP items must be sufficient to allow a decision without further communication with the originator.

★130808. Disputes of Standard Price billings for recurring demands that were erroneously coded as non-recurring by the requisitioner.



★A. ACOMs, ASCCs and DRUs may dispute Standard Price (SP) billings for issues that were erroneously coded as "non-recurring" by the requisitioner. Such disputes will be submitted through the Funds Control Module (FCM) web site. All such disputes must designate one or more unmatched turn-in transaction, either serviceable or unserviceable, which would have matched to the erroneously coded non-recurring demands within the established "Delay Days Period" (DDP) parameters, had the requisitions been properly coded. Such turn-ins may reside either in EP tracking or history, but must not have already matched to another issue. The disputes must also explain why the erroneous coding occurred.

★B. The Life Cycle Management Command (LCMC) may tentatively approve disputes of SP billings for miscoded non-recurring demands, if the disputes are properly justified. Depending on whether the identified unmatched turn-ins are unserviceable or serviceable, the LCMC may tentatively approve granting either: 1) unserviceable credit or 2) both unserviceable and Serviceable Exchange Pricing Return (SEPR) credit. However, no credit will be processed until the EP Team at the Office of the Deputy Chief of Staff (ODCS), G-6, Headquarters, Army Materiel Command (HQ, AMC), either removes the designated matching turn-in transaction from tracking or validates that it has posted unmatched to history. This is to prevent the granting of double credit for a single turn-in. The LCMC will flag tentative approvals of disputes for miscoded non-recurring demands to distinguish them from other dispute approvals and send them to the EP Help Desk. When the EP Help Desk receives these tentative approvals, it will place them in a suspense file pending removal or validation of the designated matching transactions. The LCMC will also maintain a suspense file of tentative dispute approvals, pending validation.

C. The EP Team at the ODCS, G3/5, HQ, AMC, will designate personnel to validate these tentative dispute approvals. The validator will verify that the designated unmatched turn-ins for miscoded non-recurring demands are either: 1) still unmatched in tracking or 2) have posted to history unmatched. In the former case, the unmatched transactions will be removed from tracking and posted to history. In both cases, the transactions will be flagged in history to designate them as being related to a validated dispute. Such flagged disputes will be unavailable for matching with future miscoded non-recurring demands. A single turn-in document may be used for disputing more than one issue document,

provided the quantity is sufficient to cover the quantities of both the older issue and at least part of the more recent issue. In such cases, the more recent dispute should reference the case number of the older dispute to facilitate dispute resolution. If multiple turn-in documents are designated for a single disputed issue document, the turn-in documents will be matched to the issue document in the order of their age. The DDP parameters are normally 180 calendar days prior to the issue for unserviceable turn-ins, 60 calendar days prior for serviceable turn-ins, and 60 calendar days after for both; however, DDP exceptions will be applied for DODAACs that have been granted them. Two-step matching will be used except for those DODAACs that have been isolated in tracking at the request of the customer. The matching turn-in transactions will be applied to the issue quantity in order of age.

★D. Based on the validation, the EP Team will either fully approve, partially approve, or disapprove the disputes and transmit the decisions back to the LCMC. The LCMC will then process the required credit and transmit the decision to the disputing ACOM, ASCC, or DRU through FogBugz. Full approval will be granted, if all of the designated unmatched turn-in documents for the dispute case have not already matched, are at least equal in quantity to the issues under dispute, and occurred within the currently established DDP parameters. Partial approval will be granted, if the valid designated unmatched turn-in documents only cover part of the quantity of the issue document under dispute. The dispute will be disapproved, if none of the designated unmatched turn-in documents may be validly matched with the issues, either because they have already matched or expired outside the established DDP parameters. [Approved disputes of Standard Price billings for recurring demands that were erroneously coded as non-recurring by the requisitioner may be viewed on the FCM, EP Arbitration Report found on the Funds Control Module web site\(URL: https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx\).](https://fc.ssf.army.mil/FundsControlPortal/FCMHome.aspx)

E. The EP team at ODCS, G3/5, HQ, and AMC will send monthly cumulative summary reports of approved disputed cases for miscoded nonrecurring demands to Army Budget Office (SAFM-BUR-S), ASA (FM&C). The reports will include the following information, organized both by month of SP billings and month of dispute approvals: 1) the number of cases (i.e. issue document numbers) that were approved, partially approved, and denied, and 2) the dollar total of unserviceable credit and SEPR credit granted. Both of these reporting requirements will be articulated by SOS and requesting ACOM, ASCC or DRU.

F. The 92 calendar-day time limit for submitting EP disputes will apply to non-recurring requisitions filled on or after 4 February, 2010 (See paragraph 130807 A.3.). Non-recurring requisitions filled prior to 4 February, 2010, may not be disputed after 4 May, 2010.

130809. Suspension of DDP clock in tracking for issue transactions. Units may request that the DDP clock be suspended in tracking for specific issue transactions, when they will be unable to turn-in the matching unserviceable items within the applicable DDP, due to circumstances outside their control. The request should include the specific time during which they wish to suspend the clock, an explanation of the reason why the turn-in can't be made within the DDP, and any documentation that will help to support the request. Commands will submit validated requests for such DDP clock suspensions with supporting documentation through the dispute processing system (See paragraph 130807 A.1), which will contain standard templates for requests for suspending the clock. Such requests will be routed to the central EP POC at the appropriate LCMC. The command will be notified of the LCMC decision through the dispute processing system. The reports on ILAP and FCM will show that the clock for accepted transactions has been suspended. The user manuals for the dispute processing system on the EP tab of the Transportation Integration Portal will include procedures for submitting requests for DDP clock suspensions. Situations in which such requests should be approved include, but are not limited to, the following cases:

A. Maintenance units or activities may request DDP clock suspensions for issue transactions that were ordered to complete specific maintenance work orders. This is allowable, when other backordered supplies or parts on the same work order prevent the unit from starting the work order and returning the matching unserviceable EP item within the DDP (See paragraph 130807 B. 6.). The disputing unit is required to provide the work order number and list the backordered parts and proof that the estimated ship date (ESD) of the backordered parts will prevent the unserviceable from being turned in within the DDP without a DDP clock suspension. In this case the LCMC may approve a suspension of the DDP clock until the ESD of the last part to be delivered for the work order.

B. Aviation repair activities may request that the DDP clock be suspended in tracking for issue transactions that

were ordered to complete aircraft phased maintenance, when the maintenance was postponed for operational or other reasons. The same procedures should be used as for paragraph A., above, except that there need be no due-in parts for the phased maintenance work order.

C. Units may request DDP clock suspensions for issues for which PQDRs, QIFs, Supply Discrepancy Reports (SDR), or Transportation Discrepancy Reports (TDR) have been submitted, when they don't anticipate receiving disposition instructions for the items before the expiration of the DDP for the issues.

D. Units may request DDP clock suspensions for items they ordered and received to complete work orders, when unanticipated changes in maintenance workload priorities that are outside their control will prevent them from completing the work order and turning in the unserviceable items within the DDP of the items issued.

E. Units may request DDP clock suspensions, when there is insufficient time to install the item issued in the end item and turn in the item being replaced within the normal DDP due to special circumstances, e.g. cases where end item modification is required or National Guard or Reserve units with limited manpower.

130810. Suspension of DDP clock in tracking for turn-in transactions. Units may request that the DDP clock be suspended in tracking for specific unserviceable turn-in transactions, when the requisition for the matching issue has been placed on extended backorder status, so that the matching issue transaction won't occur until after the turn-in DDP has expired. Such requests will only be considered when the requisition has been placed within 30 calendar days of the turn-in. Units may also request clock suspensions for turn-ins related to items issued out of the Prescribed Load List (PLL) or shop stock for which matching issues are not anticipated prior to the expiration of the DDP, because the reorder point to replenish the stock has not yet been reached. In this case the 30 calendar-day requisition rule will not apply. The requests should include the specific time during which the clock suspensions are requested, the document number of the replenishment requisition, and an explanation of the reason why the issue won't occur within the DDP, and any documentation that will help to support the request.

★130811. Year-End Closing Procedures.

★A. Units should continue to return unserviceable carcasses to the supply system as promptly as possible during the latter half of September to preclude repair line stoppages due to lack of assets. To avoid turbulence in customer fund balances during the latter half of September, the EP tracking clock will be frozen after September 15 until the EP system is reopened for processing in the next FY. This means that on September 15 all issue and return transactions in EP tracking will not advance in their DDP clocks until the next fiscal year. Any new transactions that occur during the clock freeze period will start their DDP clocks, when the EP system is reopened. This tracking clock freeze will delay all Delta Bills and Serviceable Exchange Price Return (SEPR) credits, which would have occurred during this period, until October, so that turbulence in the end-of year fund balances will not interfere with the judicious expenditure of year-end funds.

★B. Delta Bills for unmatched EP issues are applied to the fiscal year and document number of the original obligation (See paragraph 130804.C. above). Therefore, units will process Miscellaneous Obligation Documents (MOD) during year-end closeout for the estimated Delta Bills that are expected to be incurred during the subsequent fiscal year because of unmatched issues in EP tracking that are nearing the expiration of their DDP clocks. Pending Delta Bills and the remaining time on their DDP clocks may be viewed on the Integrated Logistical Analysis Program (ILAP) or Funds Control Module (FCM) web sites. The subsequent year's catalog will be available about September 15 for sizing the Delta Bills, which will occur at the subsequent year's prices. Units should use this information to identify the issues for which a matching return is not likely to occur within the DDP.

130812. Requests for Exemptions from EP. Commands may request exemptions from EP for specific DoDAACs. Requests will only be approved if convincing operational reasons can be provided for the exemptions. Exempted units will be charged Standard Price for all items issued and will receive unserviceable or serviceable credit for turn-ins. Requests for exemptions should be addressed to Army Budget Office (SAFM-BURS), (ASA (FM&C)) with information copies to DCS G-4 (DALO-SUS- S (SI)), HQ, AMC G-6 and HQ, AMC G-8. The decision will be made by the Director, Business Resources, Army Budget Office (SAFM-BUR). Points of contact and mailing addresses will be on the EP tab of the Transportation Integration web site.

130813. If approved by Director of Army Budget, ASA (FM&C) SAFM-BUR-S may disallow Exchange Pricing for contingency or combat operations, billing Standard Price for all demands with no credit allowed. A justification for billing Standard Price could be the stressing of repair parts in extreme operating conditions, resulting in higher than budgeted repair and washout rates. Another justification could be the increased procurement levels and high procurement costs (emergency buys) required by delayed return of unserviceable assets from deployed units for induction into repair lines.

1309 PRICING OF ARMY SECONDARY ITEMS AND USE OF SUPPLY MANAGEMENT HARDWARE OBLIGATION AUTHORITY UNDER PERFORMANCE BASED LOGISTICS (PBL) PERFORMANCE BASED AGREEMENTS (PBA)

130901. This paragraph establishes policy for the use of Supply Management Hardware Obligation Authority (HW OA) to fund services and costs, which are part of PBL PBAs and directly related to the acquisition or overhaul of hardware. It also establishes pricing policy for Army Working Capital Fund (AWCF) Managed Secondary Items that are acquired or overhauled through PBL PBAs, which might be either PBL contracts or Memorandums of Understanding/Memorandums of Agreement (MOUs/MOAs) with organic Product Support Integrators/Providers (PSIs/PSPs). This paragraph does not restrict the use of PBL PBAs to acquire product support, but sets guidelines for the use of Supply Management HW OA as a funding source.

130902. PBL PBAs which are to be funded by HW OA shall not be awarded or finalized until Business Case Analyses (BCAs) are submitted by the LCMC through HQ, AMC G-8 to the Assistant Secretary of the Army for Financial Management and Comptroller (ASA(FM&C) (SAFM-BUR-S)) for review and approval at least six months before the contract award date. ASA (FM&C) will review the BCAs for: 1) the impact on AWCF cash, 2) full recovery of AWCF outlays, 3) the impact on customer buying power, and 4) the propriety of the use of HW OA as a funding source. PBL BCAs for AWCF managed secondary items should list the specific National Item Identification Numbers (NIINs) concerned, any services to be procured in conjunction with the physical inventory items, and the funding source and amount for each service. PBL BCAs requiring direct funding sources, as well as AWCF OA, preferably should be submitted and approved during the Program Objective Memorandum (POM) cycle to facilitate the synchronization of the funding sources.

130903. Supply Management HW OA shall only be used in cases where either 1) secondary items are acquired and recorded on AWCf financial inventory accountable records or 2) AWCf owned secondary items being repaired or overhauled by the contractor are brought into a serviceable condition. HW OA should only be used to fund costs that are related to the acquisition, overhaul, or improvement of specific NIINs. HW OA should not fund costs/services that are unrelated to secondary item supply management such as 1) field maintenance (repair and return to user), 2) on-system maintenance, and 3) end item maintenance or overhaul. HW OA may fund the modification of parts if the main purpose is to enhance their reliability and durability. HW OA should not be used if the main purpose of the parts modification is to enhance the capability or performance of the weapon system or end item (an exception is an approved project under the Product Improvement Pilot Program (PIPP) authorized in the FY 2008 National Defense Authorization Act).

130904. Costs not related to the acquisition, overhaul, repair, or improvement of specific NIINs shall not be funded by HW OA. Although these services and costs might be included in a common PBL PBA with Supply Management services and costs, they should have separate, appropriate, direct funding sources.

130905. Prices should be set to recoup the estimated costs incurred by Supply Management HW OA in the execution year. Contingent costs, such as incentive fees, should be included in prices if the pricing organization judges it to be probable that they will be incurred. Uncertain costs should be estimated according to the best judgment of the pricing organization. The recovery of such costs should be tracked in the execution year and the prices should be adjusted in subsequent years for actual costs. Under/over-recovery of costs might be caused by under/over-estimation of demands or under/over-estimation of costs at the time that prices are set.

130906. AMC should also develop procedures for estimating demands and returns for the purpose of converting fixed PBL contract costs (e.g. program management) into per-unit costs. This also applies to variable PBL contract costs when these costs are funded by Supply Management OA.

130907. PBL PBAs (contracts or MOUs/MOAs with organic PSIs) might include services or costs that are normally part of Supply Management Logistics Operations (LOGOPS), such as program management or second destination transportation. In such cases

it would be inequitable to burden the price of the output items with the full cost recovery rate for its commodity. Whenever feasible, AMC G-8 should develop procedures for calculating adjusted cost recovery rates for these items to be used in allocating the general pool of LOGOPS costs to these items.

130908. PBL PBAs (contracts or MOUs/MOAs) should specify that the contractor may only bill the AWCF when either 1) secondary items being acquired are recorded on AWCF financial inventory accountable records or 2) AWCF-owned secondary items being repaired or overhauled by the contractor are brought into a serviceable condition.

130909. Regardless of formal designation as Performance Based Logistics (PBL), the guidance in this paragraph shall apply to all secondary item acquisition and overhaul programs that are structured around the results to be achieved as opposed to the manner by which the work is to be performed. Such programs have the following PBL characteristics: 1) operational/logistical outcomes measured by metrics that are contracted for and incentivized, 2) exercise of program management/oversight responsibilities by the contractor or organic PSI/PSP sufficient to accomplish the desired outcomes, and 3) partial dependency of the quantity of customer demands on the accomplishment of the metrics.

## **PART II. PRICING OF PROCUREMENT AND OPERATIONS AND MAINTENANCE FUNDED MATERIEL**

### **1310 STANDARD PRICE CONSTRUCTION: NON-DWCF-SMA ITEMS**

131001. Each inventory item will have a single standard price. Use this price for inventory valuation and sales, except as provided below and in Section 1315 (Waiver of small amounts). Use the current procurement or production cost to establish a standard price. Table 13-4 provides costs applicable to the procurement appropriation and Operations and Maintenance, Army (OMA) reimbursable costs.

A. The establishment of a current standard price should be evidenced by a current contract, purchase order, invoice, or production cost records of a normal Army/DoD representative or demand quantity. If an estimate is used for inventory valuation or planning purposes (but not for sales),



the following factors may be used:

1. Current manufacturer's price and discount listings.
2. Market price quotations.
3. Cost or price analysis studies.

B. As an alternative, the quantity weighted cost average of those purchases that occur within the review period may be used to determine the standard price.

C. Judgment, however, may be required to modify prices to allow for contract price revisions and other known factors affecting typical current procurement or production costs. Use the current costs rather than past or projected costs.

D. If necessary, spread high initial costs of production over the estimated total production not yet covered by contracts. These costs may include production tool-up and learner's training for which there will be benefits in future production.

E. Prices may vary greatly between different vendors within a single normal procurement lot or within the same vendor with a wide range of commercial configurations, making it necessary to calculate a weighted average of the prices.

F. When items are exchanged (traded-in), any allowance will be a reduction of the purchase price. Do not consider the allowance in setting a standard price.

130102. A sample format for an AMDF Standard Price Construction Work sheet is at Table 13-5. The current procurement or production cost of the item at the time the price is established or updated. Guidelines are:

A. Contract or production costs of end items will include the value of GFM.

B. Many parts are common to more than one item; therefore, standard prices must be established for the parts to determine the price of the end item.

C. The current procurement cost of any item made in a U.S. Government-owned installation will be the total production cost of the item as determined by the installation involved. Use the weighted average price when the same item is made in two or more plants.

D. Occasional minimum production costs of items produced in U.S. Government shops that normally are procured commercially will be disregarded in the computation.

E. Production costs for materiel manufactured under commercial contracts or at U.S. Government manufacturing shops will include all recurring support costs. These costs cover production engineering (for major items only), tooling, quality assurance, and other costs. They are financed by the procurement appropriation, whether the cost was incurred as U.S. Government in-house cost or as contractor cost. When these costs do not exclusively apply to items under contract during the year in which the costs were incurred, they will be prorated over the total production of the item. The current production cost will include a fair share of the total recurring support costs. Incremental or marginal cost techniques are not applicable.

F. Warranty charges not included in the contract costs will be included in the standard price, when applicable.

G. Acceptance testing and proof firing costs of an item will meet these criteria:

1. They may be included in the standard price if they are not in the manufacturer's or contractor's item cost.

2. When included in the standard price, they will be based on reliable cost data factors.

3. When they must be done on selected lots before the materiel or equipment is accepted, the costs will be included in the unit contract or project order cost. (Unit contract cost functions are done by a contractor. Project order cost functions are done at a U.S. Government plant).

4. When acceptance testing is done at other U.S. Government locations (proving grounds or laboratories), include it as part of cost and in the standard price.

H. Systems Technical Support contract costs on DWCF-SMA items, such as engines, will be included as part of cost and

in the standard price.

I. DWCF-SMA and PA secondary materiel used in the manufacture and assembly of end items are included in standard prices of the assembled end items. DWCF-SMA and PA secondary standard prices will have been set for this materiel.

J. Provision for expected normal losses in production, such as spoilage and under run, is appropriate.

131003. The standard price will also include estimated first destination transportation costs. Included are costs funded by OMA for materiel, parts, and components assembled into the end items. Costs will also include transportation from the point of procurement, production, or testing to the point of assembly or storage within the U. S. or continental U.S. (CONUS) port of exit. The element of the standard price representing the cost of transportation may be determined by a percentage factor based on experience, applied to the basic procurement cost of an item, if actual costs are unknown. OMA will be reimbursed for that share of the standard price applicable to the first destination transportation costs financed by OMA. The following second destination costs are excluded from the standard price:

- A. CONUS inland transportation.
- B. CONUS port handling.
- C. Over-ocean (air or surface) transportation.
- D. Overseas port handling.
- E. Overseas inland transportation.

131004. Except as indicated in paragraphs 130804 A through D, below, standard prices will be continuously reviewed.

- A. If no future procurement is planned for an

item, the price review is not necessary. The published standard price will continue to be used.

B. Items with a national stock number (NSN) are centrally managed and the standard price is published in the AMDF. When these items are authorized for local purchase, the AMDF price will be used for inventory valuation and sale. When these items are authorized for local purchase, and are acquired to meet a customer's specific requirements, not to meet inventory requirements, price these items at their actual cost, including applicable cost recovery rates.

C. Cost items managed locally for inventory valuation and sale at the latest purchase price including applicable cost recovery rate.

D. Under specified conditions excess or non-excess items may be subject to a reduction in inventory price at the time of issue due to their condition. See Tables 13-1, 13-2, and 13-3. These reductions are not applicable to ammunition and missile items.

131005. All vendors' discounts allowed to the U.S. Government for payment of accounts within a prescribed time are treated as cash discounts. Cash discounts are not deducted in determining the purchase cost. Reductions from list or catalog prices are trade discounts. Trade discounts are deducted in determining the standard price of an item.

131006. Depot modification of items in inventory is treated as procurement costs. Add the modification to the existing standard price to arrive at the revised standard price. This applies only when a representative quantity of the items is modified and a separate stock number is established.

131007. Either actual material transportation costs or a cost recovery rate for transportation costs based upon a percentage factor derived from past purchases will be added. No assessment of first-destination transportation costs is required when the materiel is procured free on board (f.o.b.) destination. The purchase price includes these costs.

131008. Quote standard price for billing purposes as follows:

A. Standard prices of less than \$100 will be in dollars and cents.

B. Standard prices in excess of \$100 may be rounded to the nearest dollar.

131009. Standard prices for centrally managed items will be:

A. Established by the responsible inventory manager.

B. Used for inventory valuation and sales.

131010. Under AR 710-2 (Supply Policy Below the Wholesale Level), Army inventory managers will check all decentralized, locally managed items every 2 years to ensure that the type of management is still valid. These studies review demand data and potential savings by quantity buying. The prices developed and used in these studies can be used as estimated prices in the AMDF. Under these circumstances, the estimated prices from the AMDF affecting decentralized procurement may be provided to any agency or activity.

131011. The following costs are not included in the standard price:

A. Nonrecurring research and development costs.

B. Nonrecurring production costs.

C. Asset use charges.

#### 1311 CRITERIA FOR REVISING THE PROCUREMENT APPROPRIATION UNIT STANDARD PRICE

For PA items, publish and set monthly a new standard price in the AMDF when the variation between the published AMDF and the proposed unit standard price exceeds plus or minus five percent.

#### 1312 SALES, ISSUES, AND REIMBURSEMENTS: NON-DWCF-SMA ITEMS

131201. All charges for sales, issues, and reimbursements of items from inventory will be at the standard or replacement price in effect when the items are dropped from inventory or at requisition edit to comply with a shipment order or non-reimbursable for the Procurement Appropriation (PA) items within the Army or to other DoD agencies.

131202. Transfers (sales) from inventory will be on a non-reimbursable basis within the Army or to other DoD agencies for PA non-excess materiel. Price procured items, whether stand alone or consolidated procurement, at the contract costs plus any recurring support charge.

131203. Price sales to another Federal agency and private parties of new or overhauled PA non-excess materiel that require replacement at the estimated replacement price less an adjustment for age or condition.

131204. Price sales to another Federal agency or private parties for PA items that do not require replacement at the standard price less an adjustment for age or condition.

131205. Transfers to Foreign Military Financing (FMF) recipients and sales to FMS customers of new or overhauled non-excess materiel will be in accordance with the DoDFMR, Volume 15, Chapter 7.

131206. Sales of materiel and recurring services in support of purchases to the Special Defense Acquisition Fund (SDAF) will be priced in accordance with the DoDFMR, Volume 15 and DoD 5150.38-M, Security Assistance Management Manual, Chapter 14.

131207. For consolidated procurement of reimbursable items for direct delivery to ordering activities, contracts may be subject to pricing contingencies. Item prices may be:

A. Set at the standard or replacement price in effect at the time procuring agency accepts the order.

B. Subject to revision.

C. Revised retroactively on the procurement cost at time of delivery, but not thereafter, unless agreed to by the agencies concerned.

131208. Carry incomplete assemblies at standard prices, but at time of sale, the price may be adjusted to the extent necessary to ensure a fair charge to customers.

1313 WAIVER OF SMALL AMOUNTS: NON-DWCF-SMA ITEMS

131301. When an initial billing within the Army or to other DoD components is less than \$500, the billing may be suspended by the billing organization. If the amount of billings held in suspense for a customer is less than \$500 at the end of a FY, the billing may be waived. If waived, the receivable entries and the reimbursement entries will be reversed and the direct program charged. In such cases, care must be taken to ensure that such waivers do not result in an over-obligation of the direct program funds.

131302. When an initial billing to a non-DoD U.S. Government activity is less than \$500, the billing may be suspended by the billing organization until the total billing exceeds \$500. At the end of the FY, all suspended amounts will be billed to non-DoD activities even though the amount is less than \$500.

131303. DWCF activities and the Corps of Engineers Civil Works Revolving Fund must not waive reimbursement of any amount.

131304. Waivers are not permitted when the Army acts as an agent for a non-DoD entity or when billings are applicable to other Federal agencies or non-Federal organizations. See section 1307 for exceptions to pricing policy.

1314 AMDF AND COST ESTIMATES: NON-DWCF-SMA ITEMS

131401. General. For items with no procurement history, cost estimators will follow guidance in this section. Major Subordinate Command (MSC) resource management and cost analysis personnel will validate cost estimates.

A. Obtain contractor quotes on items scheduled for delivery in a given future year for major components of a weapons system.

B. In the absence of specific contractor quotes, develop the best estimate of the cost if the item is delivered in the current year. Deliveries need not be made to use the

current year as the base year. For example, a contract price established in FY99 will be updated to the current FY. It is then used as a starting point to project estimated costs in a future year. This estimate should be on one or more of the following criteria:

1. Historical trend analysis.
2. Regression analysis.
3. Comparison with other recent quotes for similar items giving consideration to quantity differentials (economic buy).
4. Engineering estimates.
5. Best estimate of item cost.

C. Use the following guidance to develop a price for an item scheduled for delivery in a future year:

1. For estimating materiel contract cost, unless otherwise indicated, the contract price is inflated based on the assumption that disbursements or expenditures will extend over a four to five-year period. When using a past contract price to estimate the contract price for another year, it must first be deflated or adjusted to remove the inflation factor built into the original price. The adjustment results in constant dollars, and is computed by dividing the original contract cost by the composite inflation index for that year. The current or future year contract cost is then estimated by multiplying the constant dollar cost by the appropriate composite inflation index for the year of the contract or at time of scheduled delivery, if applicable.

2. For standard price estimates, add the appropriate additional applicable cost elements contained in section 1310. Estimated standard prices may be used for planning purposes, but not for billing and reimbursements.

D. Make a check sheet to include all costs, (e.g., asset use charges, nonrecurring costs, recurring support costs, and technical manuals.)

#### 1315 MATERIEL NOT SUBJECT TO STANDARD PRICING

In addition to GSA-managed items or items acquired locally



for specific customer orders, the Army has items such as specially developed kits that are not subject to inventory pricing. These items are priced by component.

### **PART III. OTHER PROVISIONS -- PRICING OF MATERIEL AND SERVICES**

#### **1316 ECONOMY ACT SALES TO OTHER DoD COMPONENTS, OTHER FEDERAL AGENCIES, AND TO PRIVATE PARTIES**

131601. This section provides guidance on the amounts that will be recouped when Army activities perform work or sell property within Army, to other DoD organizations, other U.S. Government agencies, and private parties. This section is applicable unless a specific Army regulation allows alternative reimbursement policies.

131602. Requisitioning Army and other activities (for example, Navy, Air Force, and Marine Corps) will disclose to both DoD and non-DoD suppliers whether any goods or services are for the benefit of non-DoD or non-Federal agencies, so that proper amounts may be billed and collected. Ordering activities are required to disclose the ultimate buyer on requisition documents when the Army is the supplier of the materiel. To ensure that materiel is properly priced, ordering activities shall indicate one of the following criteria in the reimbursable order document.

A. The item is for Army or DoD use.

B. The item is for a non-DoD Federal agency for its own operations.

C. The item is requested by a non-DoD Federal agency for resale to a foreign country. Lacking proper identification of the ultimate buyer, price and bill reimbursable orders from DoD activities as if the requisitioning activity is the ultimate buyer. If materiel purchased from the Army is later sold, DoD activities are responsible for proper pricing and billing.

131603. Military Standard Requisition and Issue Procedures (MILSTRIP) procedures require the cognizant MSC to review requisitions submitted by ordering activities. The MSC will determine if items issued from stock are a free issue (non-DWCF items for Army and other DoD agencies) or chargeable (for other Federal agencies, private parties, or for foreign

countries).

1317 REQUEST FOR NONRECURRING COST (NC) RECOUPMENT CHARGE  
WAIVERS.

The Foreign Military Sales (FMS) Customer must initiate the request for waiver of NC recoupment charges. The requests for waivers with justification must be submitted to the United States Government (USG) prior to the acceptance of the Letter of Acceptance. AMC Activities will submit Request for NC waivers to U.S Army Security Assistance Command (USASAC), ATTN: AMSAC-RO, 5701 21st Street, Fort Belvoir, VA 22060-5940. After coordination with the USASAC Resource Management Directorate, USASAC will submit NC waiver request thru Deputy Assistant Secretary of the Army for Defense Export Control to the Defense Security Cooperation Agency (DSCA) for approval. On FMS Cases, the Fair Pricing Legislation removed the requirement to apply asset use, tooling rental and facilities for using USG property. On direct commercial sales of defense article to foreign countries or international organizations, the contractor will submit waivers of tooling rental charges to the contracting officer. If the contracting officer approves the request, it is submitted through contracting channels to DSCA.

1318 PERIODIC REVIEW AND UPDATING OF RATES

Rates for accessorial costs, administrative costs, and asset use charges are subject to review. Upon higher level notification of a pending review, Army activities will be requested to participate in the review. When an Army activity believes that a prescribed rate should be revised, it should be submitted through channels to the OUSD(C), with justification and supporting data.

1319 REDUCTION ON REIMBURSABLE TRANSFERS TO PURCHASERS OUTSIDE  
OF DoD (EXCLUDING MAP AND FMS)

Age, deferred maintenance, and repairs influence the utility or desirability of an item. These factors should be used for price reductions of items when reimbursable transfers are made. To provide uniformity in reducing prices for sales purposes, Table 13-1 will be used. If a reduction should be made, apply the appropriate formula (Table 13-1) to transfers and sales, excluding DoD agencies and FMS.

1320 UNOFFICIAL TELEPHONE SERVICE AT DoD INSTALLATIONS

132001. General. It is DoD policy to consider as official only that telephone service used for the conduct of official U.S. Government business. Telephone service provided by the Army and used for personal or other unofficial purposes, as authorized by DoD Directive 4640.3 (Unofficial Telephone Service at DoD Activities), will be charged to the person placing the call. This applies whether the facilities are U.S. Government-owned or U.S. Government-leased or are under a written contract or implied agreement with a commercial communications company.

132002. Classes of DoD Telephone Service. Classes of telephones installed on or in the immediate vicinity of an Army installation and connected to a DoD switchboard are:

A. Class A (Official). Telephones that are authorized for the transaction of official U.S. Government business and that have access to commercial telephone company central office and toll trunks.

B. Class B (Unofficial). Telephones installed for unofficial use meeting the criteria established without direct access to official use only private branch exchange (PBX) trunks (that is, Defense Switched Network (DSN), wide-area telephone service (WATS) direct distance dialing, toll circuits, and other tie lines). These telephones are further designated as follows:

1. B-1 Telephones. Installed in U.S. Government-owned or U.S. Government-leased quarters assigned for family or personal use or in private or rental housing occupied by DoD personnel.

2. B-2 Telephones. Installed for the use of activities at a military location such as public schools, American Red Cross, motion picture services, exchanges, credit unions, noncommissioned officers and officer's messes, Boy Scouts, Girl Scouts, nurseries, thrift shops, and commercial contractors, concessionaires, and other business firms operating on behalf of the DoD within, or in the immediate vicinity of an Army installation.

3. Sub-designation. When either party line service or restricted service that does not have access to central office and toll trunks is provided, such service may

appear as a sub-designation of the above-listed classes of unofficial telephone service.

C. Class C (Official-Restricted). Telephones that are authorized for the transaction of official U.S. Government business that do not have access to telephone company central office or toll trunks.

D. Class D (Official-Special). Telephones that are restricted to special classes of service such as fire alarm, guard alarm, and crash alarm.

132003. Accounting Procedures.

A. Detailed accounting procedures will be used to identify, accumulate, and record operating revenues and operating expenses. Service-charge billings and collections from purchasers will conform to the Army cash management and debt collection policies prescribed by this regulation.

B. Operating expenses for unofficial telephone service furnished to purchasers may be paid from appropriated funds (see DoD Directive 4640.3, Unofficial Telephone Service at DoD Activities)

132004. Schedule of Rates.

A. Flat monthly rates for the provision of the various classes of unofficial telephone service by U.S. Government-owned or U.S. Government leased telephone facilities in the U.S., including Alaska and Hawaii, will be the same as those prescribed by the local commercial communications common carrier providing city trucking to the local base, post, or station. The rates will exclude any mileage or special facility construction charges that the local carrier may charge to the public. The rates will vary according to the type of services provided, such as private lines, multiparty lines, and extension telephones.

B. Flat monthly rates for the provision of Class B-1 and Class B-2 unofficial telephone service by U.S. Government-owned or U.S. Government-leased telephone facilities in overseas locations will be established by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)). The rates will be charged, unless otherwise prohibited by Status of Forces

Agreements.

C. Recurring and nonrecurring charges for special and miscellaneous equipment provided a purchaser, including all service connections and movement of equipment for which flat rates have not been established, will be charged to the purchaser at the prevailing local commercial rate for similar service.

D. The flat monthly rates for unofficial telephone service are applicable whether the commercial communications company furnished flat or measured services. The flat rates will entitle the purchaser to make local calls for which the basic rate is one message unit. In areas where more than one message unit zone exists, the DoD installation may use call-diverting equipment to control its costs and to establish a basis for charging the purchaser for such costs.

E. When U.S. Government-owned quarters are occupied by employees of contractors operating U.S. Government-owned plants and unofficial telephone service is provided from a DoD switchboard, Class B-1 service will be provided in accordance with the established rate.

132005. Charges for Unofficial Telephone Service.

A. The purchaser will pay all charges for unofficial use of telephone service provided from a DoD switchboard. Charges for extensions, special or miscellaneous equipment and installation costs thereof, and toll call and telephone charges when incurred will be added to the basic monthly rate. Taxes will be assessed as applicable. However, purchasers may not be assessed an additional charge for unlisted telephone number service. Listing of telephone numbers in the DoD installation directory is considered a locator service rather than a telephone service. Personnel have the option of having their personal phone numbers listed or unlisted in the directory and may not be charged an additional fee in either case.

B. Army activities may require an advance payment or a deposit.

C. Army activities will bill purchasers all flat-rate charges on the first regular monthly bill following incurrence of the service.

D. When a purchaser has received service for only a fraction of the billing period, the monthly charge will be prorated. Tables of fractional charges and credits may be used to determine the amount of the prorated charge.

E. Collections received will be credited to appropriations currently available for supplying such services. Reimbursement for DoD provided unofficial telephone services in:

1. The U.S. will be credited to appropriations currently available for supplying such services.

2. Overseas locations, except for industrial fund activities, will be distributed proportionately, based on the overseas flat-rate cost elements, to appropriations and miscellaneous receipts of Treasury in the following ratio: 70 percent to operations and maintenance; 25 percent to military personnel, and 5 percent to miscellaneous receipts of Treasury.

3. Industrial fund (DWCF) activities in overseas locations that provide unofficial telephone service will retain reimbursements to the extent that expenses were incurred to provide those services. Any excess of reimbursements over associated expenses will be credited to miscellaneous receipts of Treasury.

#### 1321 USER CHARGES

132101. Additional Guidance. See the DoDFMR, Volume 11A, Chapter 4.

132102. Examples of User Charges. By charging user fees, the U.S. Government recovers the cost of services provided. The following are examples of user fees and charges:

A. Special Services.

1. Tuition fees for non-Army dependents attending Army schools.

2. Health services.

a. Inpatient and outpatient treatment for persons not entitled to free treatment. Charges are prescribed in AR 40-3, Medical, Dental and Veterinary Care and AR 40-330, Rates, Codes and General Policies for Army Medical Department

Activities.

b. Inoculations and blood tests. These services are provided only under special circumstances.

3. Transportation services including motor, rail, and terminal services. Examples are:

- a. Tugs.
- b. Dockage.
- c. Line handling.
- d. Port handling.
- e. Railroad siding.
- f. School bus.
- g. Employee.

4. Fire protection.

5. Fees for copying and search of records.

6. Utilities. For repetitive, ongoing services, see AR 420-41, Acquisition and Sales of Utilities Services.

- a. Electricity.
- b. Water
- c. Sewage.
- d. Refuse collection.
- e. Steam.
- f. Heat.
- g. Compressed air.

h. Class B telephone service to military and civilian personnel.

7. Commissions on telephone pay stations.

8. Revenue from the Interchange Fleet.

9. Revenue from washers, dryers, and vending machines (other than NAF).

10. Laundry service.

B. Lease or sale.

1. Rental of U.S. Government facilities by private banks, concessionaires, and contractors. This includes utilities furnished.

2. Rental and sale of real and personal Government property to private contractors, municipalities, and others.

3. Rental of quarters (Capehart, Wherry, or others).

4. Rental of vehicles and equipment.

5. Rental of land.

6. Rental of trailer space.

7. Lease of commercial space, such as agricultural and grazing areas.

8. Lease of vessels.

9. Lease of refrigeration lockers.

10. Use of U.S. Government waterlines.

11. Sale of water to ships chandlers.

132103. Review of Fees and Charges. User fees and charges will be reviewed when significant changes in costs occur. Charges will be reviewed at least once each year to determine if



any should be changed or discontinued. When collection of fees or charges are limited or restricted by existing law, proposals for change will be submitted through channels to HQDA (SAFM-BUR-S).

132104. Refunds. Refunds will be made only when the excess fee is more than \$1. These amounts will be credited to account 21X6500 from which refunds will be made. Excess fees of \$1 or less will be deposited in the proper receipt account. No refund of fees will be made because of changes in regulation, directive, or fee schedule.

1322 SALE OF MATERIEL AND SERVICES TO U.S. COMPANIES FOR DIRECT COMMERCIAL SALES AND EXPORTS

132201. Charge the same price as those established for sales under the FMS program of the same Army articles and services. All FMS cost recovery rates for accessorial and administrative costs are applicable.

132202. Billing to contractors will itemize each accessorial and administrative costs separately from the item price.

132203. Deposit proceeds from the administrative charge as required by the DoDFMR, Volume 15.

132204. DoDD 4175.1 (Sale of Government Furnished Equipment on Materiel and Service to U.S. Companies for Commercial Export) provides authority for the sale of GFM or Government-furnished equipment (GFE) items only if the support items cannot be purchased directly from a U.S. commercial source in a timely manner to meet a required delivery schedule.

1323 TRAINING

132301. Non-DoD Federal Agency and Non-Federal Government Training. A non-DoD Federal agency that properly includes students in the Army training system and is included in the Army budget normally will not be charged. This would be a preplanned space required for the training. Non-DoD Federal agency students attending training on a space-available basis will be charged as indicated below:

A. A pro rata share of all direct cost will be

charged. Accordingly, exclude the unfunded fringe benefit cost of civilian labor, asset use, and the materiel nonrecurring recoupment charge. Students will pay the inventory price rather than the replacement cost for items. Industrially funded training activities will charge for actual depreciation.

B. Items of indirect cost are chargeable.

C. Non-Federal Government students are those from state and local government agencies, private industry or business, educational institutions, nonprofit organizations, and quasi-government groups. Providers will charge the full pro rata cost of instruction and base support whether the student load is based on a space-required or space-available basis. Items of indirect cost will be charged. Services will not be provided if they require additional staff, equipment, or facilities solely to provide such services. An asset use charge and an administrative fee will be included.

132302. Directly Identified Or Allocated Tuition Costs.  
The following paragraphs explain procedures and policy related to directly identified or allocated tuition costs.

A. These are costs directly related to the activity training the student instead of the base on which the training activity is located. Included are dedicated and non-dedicated school brigade troops and school support troops. Direct costs include pay of instructors, staff and faculty, and costs related to service school operations. All training activity costs are chargeable except the following:

1. Costs for combat or training development (less course development), nonresident instruction, or other activity that offers no support to the resident training mission and a pro rata share of school overhead costs to support these elements.

2. Costs for units attached to the training activity with duty station at another location not involved in training of foreign military trainees (FMTs).

3. Costs for under used capacity and mobilization requirements (to the extent cost impact can be identified and documented). Under used capacity refers to temporary absence of base troops on maneuvers, exercises, special assignment, or the use of installation or activity as a

temporary holding activity.

4. Costs for minor construction, maintenance, and repair of hospital and medical building and family housing management account reimbursement.

B. Instructor salaries, allowances, and other related costs will be computed by dividing the total annual costs by the total training staff-weeks (TSW) and multiplying the results by the number of weeks in the course. Total TSW is computed by multiplying the length (in weeks) by the number of students and then summing all courses taught at the school. Alternately, instructor costs may be allocated by the instructor contact hour (ICH). Total instructor costs divided by total ICH will be used if a more equal distribution will result.

C. Administrative and support personnel salaries and allowances will be computed by dividing the total annual costs by total TSW and multiplying the results by the number of weeks in the course. TSW is computed by multiplying the length (in weeks) by the number of students and then summing all courses taught at the school.

D. TDY costs will be allocated to courses on the basis of a causal or beneficial relationship. Causal is for TDY that benefits a specific course. Beneficial is for TDY that benefits the whole training operation.

1. TDY that benefits one or more courses should be directly allocated. To prevent double charging a course for TDY, all directly allocable travel must be eliminated from the TDY included in the indirect cost pool.

2. TDY that benefits the whole training operation will be allocated to all courses. To arrive at the course cost, divide total indirect TDY costs by total TSW; then multiply the result by the course length of each course.

E. Costs of training materials, equipment, supplies, aids, munitions, and organization and course specific individual clothing and personal equipment will be charged to the course. Training materials and aids prepared above the level that are readily identifiable to a course will be included as a direct cost. If not identifiable, costs will be distributed to courses

the same as for indirect TDY costs. Double charging for a course must be avoided.

F. Depot-level maintenance cost of major end items will be charged to the course at the budgeted average hourly item repair cost, which includes civilian pay, contractual effort, and supplies. These costs must be adjusted to include military pay and centrally procured equipment and parts. The average hourly cost will be multiplied by the hours programmed for use in the specific course.

G. Base engineer and other directly related support costs allocable to training operations will be distributed to courses on the basis of total training hour support.

132303. Indirect Base Operating Costs. The following paragraphs set policies and procedures for indirect base operating costs.

A. All other indirect base operating costs, after exclusions, will be initially allocated to major claimants, such as training and tenants. The amount allocated to training will then be distributed to significantly different areas of training, such as flying operations, classroom training, and equipment maintenance. Allocations will be made at the installation level on the basis of military and civilian population, percentage of maintenance, or active square feet of building space. Allocations must be equal to the benefits received. The amount allocated to student will be reduced by 5 percent because of inappropriate costs. This includes chapel, equal rights office, alcohol treatment, and special services.

B. Costs to support or operate quarters and family housing complexes that apply to instructors and training support personnel will not be allocated to tuition rates. These costs are recouped in base personnel salaries.

C. To recoup the cost for use of base assets, apply a 3 percent asset use charge to the total course cost.

1324 NONRECURRING COSTS (NC) COLLECTION DOMESTIC SALES132401. General Policies and Responsibilities.

A. All sales of non major defense items made after June 26, 1992, will have no NC charges included, unless the DoD contract with the seller requires the charge. All commercial sales of MDE made after October 7, 1992, will have no NC charges included, unless the DoD contract with the seller requires the charge. For co-production or licensed production agreements entered into after October 7, 1992, NC charges will not be included, unless international agreements exist to the contrary. Amendments (after June 26, 1992) to commercial contracts are treated as new cases for the increases in quantity; thus, NC charges will not apply to the incremental quantity increase. Calculate NC recoupment charges on a building-block approach to recover a pro rata share of DoD costs. Review NC recoupment charges for changes every two years. Activities should review DoD Directive 2140.2, Recoupment of Nonrecurring Costs on Sales of U.S. Items, and all amendments to this directive.

B. All DoD contracts for RDT&E or acquisition will include a mandatory clause that requires the contractor to pay the U.S. Government, within 30 days following delivery of each item from the contractor's facility or purchaser's acceptance (whichever comes first), the established NC recoupment charge for any domestic or international direct sale, co-production, or licensed production of DoD-developed items or technology (See the DFARS 25.7306, 35.71, 52.235-7002). This clause must also require that for each payment the contractor must specifically identify each DoS export license number and/or Department of Commerce export license number and how much of the total remitted is applicable to each.

C. A contracting officer must become aware of negotiations between a commercial firm and a domestic customer. He or she will then notify the contractor of any requirement to pay the U.S. Government a prorated NC recovery charge. A copy will be sent to HQDA SAFM-BUI-I, WASH DC 20310-0665. They will specify the amount, where payment is to be made, and the requirement for Army to approve the amount.

D. Contracting officers will request security assistance approval through command channels to HQDA SAFM-BUI-I, to include the DFARS clause 52-235.7002 for all RDT&E and

production contracts and subcontracts of \$1 million or more.

132402. Collection-Direct Sales. Each contractor seeking to make a direct sale of U.S. military materiel to a foreign government submits an export license application. This need not be the controlling factor, but it is a document to collect NCs.

A. Army activities reviewing the application will show on DA Form 4605 (Department of the Army Munitions Control Case Processing) the amount of NC to be recovered for each item to be sold.

B. DFARS clause 52.235.7002, implementing DFARS clause 35.7103(a), is to be included in all RDT&E and production contracts and subcontracts of \$1 million or more. This clause requires contractors to perform the following:

1. Notify contracting officers whenever they intend to make direct sales.
2. Request the cost recovery rate due the U.S. government for each item sold.
3. Reimburse the U.S. Government when direct sales are made.

C. The resource manager of each Army activity must establish a suspense for collecting costs on each case. Controls to ensure collection should be established at the time the export license is sent to ACOM recommending approval. The information will be sent to the appropriate contracting officer. When notice is received from U.S. Army Security Assistance Command (USASAC) that the export license application has been approved by DoD, the contracting officer will ensure that collections are made from the contractor by sending the contractor notification of the following occurrences:

1. A nonrecurring cost recovery rate is due in the amount of "X" dollars per unit contingent upon approval of the export license application by the DoS and subsequent shipment of the items. Payment is due within 30 days of the shipment.

2. The contractor must notify the contracting officer if the export license has not been approved or the pending sale was not consummated.

D. Reimbursement will be made in the same way payments are received by the contractor from the customer. For example, if the contractor receives progress payments or cash in advance, the payment to the U.S. Government will be made accordingly.

E. A suspense date will be established and cross-indexed to export license application numbers. This will ensure that collections received from contractors are credited to the applicable accounts for each item sold.

1. Nonrecurring RDT&E collections will be credited to Miscellaneous Receipts Account 21R3041.0002.

2. Nonrecurring production cost collections will be credited to Miscellaneous Receipts Account 21R3041.0001.

1325 AGENCY FOR INTERNATIONAL DEVELOPMENT

132501. General. The following paragraphs set the policy and procedures for accounting for the U.S. Agency for International Development (USAID).

132502. Overview.

A. This paragraph prescribes accounting procedures governing the following:

1. The services performed by the Army for USAID.
2. The method by which USAID will request the Army to furnish certain commodities and services.
3. The method of reimbursement to the Army for such commodities and services.

B. This paragraph applies to commodities and services furnished by the Army to USAID programs. Use these provisions in conjunction with AR 12-10. See 133802.C for exceptions.

C. This paragraph does not apply to transactions for separate USAID agreements with specific Army commands or activities that contain provisions about reimbursable billings.

132503. Responsibilities.

A. Agencies will be responsible for the following:

1. Act as a USAID agent in the procurement of commodities and services as directed by the following procurement actions issued to the Army by USAID:

a. Procurement authorization and purchase requisitions.

b. Project implementation orders.

c. Specification memorandums.

d. Purchase orders.

2. Transfer the commodities or furnish the services to, or for the government of the cooperating country or to the USAID representative in the cooperating country. Make the transfer according to the terms and provisions of purchase requisitions.

3. Bill USAID for the cost of the procurement of commodities or services authorized in the purchase requisitions including accessorial and related shipping costs.

4. Try to supply materiel and meet established shipping schedules but will not be liable for any delay or failure to deliver any commodity or service ordered by USAID.

B. The DFAS Indianapolis Centers will monitor the agreement between DoD and USAID and between the Army and USAID.

C. AMC will be responsible for the following:

1. Obtain commodities, provide services, and arrange or provide for shipping of commodities for USAID or its designee upon receipt of approved purchase requisitions.



2. Provide for administration of contracts entered into by the Army for the USAID including relevant claims.

3. Submit reports as are agreed to by USAID and the Army.

D. USASAC (AMSAC-CF) will be responsible for the following:

1. Be the collecting agency for the Army for all other transactions.

2. Process SF 1080 billings to USAID, receive the collections, and distribute the proceeds to the appropriate commands.

E. Air Mobility Command, Military Sealift Command, and Surface Deployment and Distribution Command (SDDC) will bill the Agency for International Development, Government Property Resources Division, Bldg 54, Defense Distribution Region-East, New Cumberland, PA 17070-5096, directly for transportation account codes C849, C850, and C851.

132504. Commodities and Services. USAID will determine commodities and services to be supplied and covered by the purchase requisitions issued to the Army. In cases when the quantity, quality, or type of commodities and services ordered cannot be processed efficiently and promptly, the Army will have the right to reject a purchase requisition.

132505. Accessorial Charges. Compute and record accessorial charges as described below. Also see Table 13-7.

A. PC&H costs include the costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution points.

B. Transportation costs include the costs of in-land transportation (land, air, and inland and coast-al waterways) in and outside the U.S. and ocean transportation costs by vessel or air.

C. Port loading and unloading costs include the costs incurred for labor, materiel, and services for loading,

unloading, and handling at the ports of embarkation and debarkation. Do not include unloading charges if the recipients must perform this work.

D. Positioning costs include costs incurred in pre-positioning items in the supply distribution system (when not included in the standard prices of materiel) of the Army at locations outside the United States. Also, apply accessorial charges to shipments from the overseas storage and distribution point from which an order for shipment is filled.

132506. Purchase Requisitions.

A. Except for the commodities and services furnished USAID covered under separate agreements with Army commands; USAID will issue a purchase requisition to USASAC (AMSAC-O). The requisition will include the following:

1. The quantity of commodities required.
2. The specific service desired.
3. The country destination or use.
4. The name and address of the consignee.
5. The period in which the shipments are due.
6. The maximum dollar amount authorized for commodities, services, and accessorial charges.
7. The accounting classification of USAID funds to be charged.
8. A statement that USAID funds are available to reimburse the Army for commodities and services furnished.
9. Any other information required by the Army.

B. Before issuing purchase requisitions, USAID will consult with DA concerning the price, availability, nomenclature, and other data needed to prepare the requisitions.

132507. Transportation. The Army will provide for inland

transportation, arrange for ocean or air transportation as requested, and ensure that documentation accompanies the shipment. The Army will send a copy of the shipping document to the consignee by airmail to USAID, Comptroller, in the country involved. The Army will arrange to sponsor USAID shipments through the Logistics Control Activity (LCA) for airlift shipments and for sealift shipments. If shipment is not made by LCA, SDDC, or a U.S. Flagship, LCA or SDDC will so advise USAID identifying the shipping document and purchase requisition.

132508. Title and Risk of Loss. Title and risk of loss will pass to USAID on acceptance of commodities by common carrier at point of origin as evidenced by carrier's receipt. The Army, as an agent for USAID, will undertake all necessary steps to protect the interests of the U.S. for any loss during transportation. USAID will pay any costs incurred as a result of activities undertaken by the Army for USAID. Do not use funds appropriated to the Army to pay such costs.

132509. Delivery Conditions.

A. The total dollar amount including commodity prices and related accessorial charges stipulated in a purchase requisition includes provisions for price tolerance. The total is the maximum amount that may be billed USAID without an amendment. The estimated quantities stipulated in a purchase requisition are subject to the quantity tolerance usual to the trade. If these quantities plus usual trade tolerance cannot be procured within the maximum dollar value of the purchase requisition, Army will obtain further instructions from USAID.

B. At the time of delivery to USAID or its designee, the commodities will conform to the quantities, types, and grades ordered unless substitute types and grades have been authorized by USAID. The Army inspectors will determine the quantities, types, packaging, varieties, grades, and other descriptions of all commodities delivered; their determination will be final.

132510. Sale Price and Markings. Follow the sale price limitations for commodities set in the FAA of 1961. Settlement by USAID for commodities will be at the standard or negotiated price, as applicable, if issued from Army stocks or actual cost to the Army if procured for USAID. Mark containers for commodities delivered as instructed by USAID.

132511. Offshore Procurement. The provisions of this chapter apply to commodities purchased from OCONUS. The purchase requisition or related memorandums will contain any special provisions that the Army and USAID have agreed on. The special provisions may include types, grades, or qualities of the commodity; areas of procurement; delivery instructions; pricing; or other provisions. These provisions will be a supplement to the agreement.

132512. Cancellation of Purchase Requisitions. USAID may, at any time, cancel all or part of any purchase requisition or any official directive from USAID instructing the Army to procure in advance of a purchase requisition. USAID will reimburse the Army for all costs that result from the cancellation. If commodities subject to cancellation are held by the Army or it becomes necessary to accept the commodities from the suppliers, the Army will hold losses to a minimum by selling them at the best price. In such cases, the loss will be determined as the difference between the price received and the cost incurred. The commodity, administrative, sales, and storage costs will comprise the total cost.

132513. Tort Claims. The Army will be responsible for handling all tort claims in favor of the U.S. that arise between date of delivery through the time the commodities are stowed on board ship or airplane. Included are the loading and stowing points for the ocean or air shipment or any other point that USAID may direct for transfer of commodities. The Army has no initial responsibility for tort claims in favor of the United States arising after the commodities are stowed on board ship or airplane even though the Army sponsored the shipment. However, when requested by USAID or the government of the cooperating country through USAID, the Army will protect the interests of the United States on such claims.

132514. Billing and Reimbursement.

A. On delivery of commodities to a carrier or when requested services are complete, the Army supplying command or activity will prepare SF 1080 for billing. SF 1080 will include the following information:

1. Charges for commodities or services furnished.

2. Accounting classifications for crediting the payments for items billed.

B. The charges for commodities and services will be supported by the shipment documentation, machine listing of the items delivered, or a statement of services performed. The documentation will show the purchase requisition number.

C. The supplying activity will set up an accounts receivable according to current accounting rules. Send SF 1080 with supporting documentation to USASAC, ATTN: AMSAC-CF, Defense Distribution Region-East, New Cumberland, PA 17070-5096. The exception is for Army commands having separate agreements with USAID that contain specific provisions about billing USAID.

D. USASAC will review SF 1080 and supporting documentation for dollar accuracy and process the billing to the address specified on the purchase requisition. USAID will send payment within 20 days after receipt of billing. Upon receipt of payment, USASAC will send a check with a copy of SF 1080 to the appropriate Army supplying command or activity to close out the accounts receivable.

**FORMULAS TO ESTABLISH LOWER PRICES FOR NON-EXCESS  
PROCUREMENT APPROPRIATED  
ITEMS NOT TO BE REPLACED (EXCLUDES FMS AND DOD AGENCIES)**

Condition: New or overhauled <sup>1</sup> Price: Standard price to all customer
Condition: Serviceable-used (as is). Price: For clothing, 50 percent of standard price. For all other, 80 percent of the standard price, less 50 percent of overhaul cost, but not less than 25 percent of standard price.
Condition: Unserviceable. Price: Eighty percent of the standard price, less the overhaul cost, but not less than scrap value.
<b>Note:</b> 1. Overhaul includes all direct labor, direct materiel, and overhead.

Table 13-1

**FAIR VALUES-SALES TO NON-DOD CUSTOMERS FOR EXCESS ITEMS**  
**(EXCLUDING FMS)**

Code	Condition	Percent of standard price <sup>2</sup>
N-1	New-Excellent	50
N-2	New-Good	35
E-1	Used-Reconditioned-Excellent	
O-1	Used-Usable without repairs-Excellent	
N-3	New-Fair	33 1/3
E-2	Used-Reconditioned-Good	
O-2	Used-Usable without repairs-Good	
R-1	Used-Repairs required-Excellent	
N-4	New-Poor	33 1/3
E-3	Used-Reconditioned-Fair	
O-3	Used-Usable without repairs-Fair	
E-4	Used-Reconditioned-Poor	33 1/3
O-4	Used-Usable without repairs-Poor	
R-2	Used-Repairs required-Good	
R-3	Used-Repairs required-Fair	
R-4	Used-Repairs required-Poor	

**Notes:**

1. The supplying activity decides if an item is excess before it is shipped or dropped from inventory. The decision may be made at the time of offer, if in terms with the sales document. Excess items include contingency retention, economic retention, and potential excess items.
2. The percent of standard price is the minimum charged to customers, based on condition. A recommended military hardware value price may be submitted for use by negotiators.

Table 13-2

**FORMULAS TO ESTABLISH LOWER PRICES ON NON-EXCESS ITEMS FOR  
SALES TO OTHER FEDERAL AGENCIES AND PRIVATE PARTIES  
(EXCLUDING FMS)**

<p><b>Condition:</b> New or overhauled Standard item: Percent of useful peacetime life remaining applied to replacement price or standard price.</p>
<p><b>Condition:</b> Serviceable-used (as is) Standard item: Percent of useful peacetime life remaining applied to replacement or standard price, but not less than 25 percent of replacement price or standard price.</p>
<p><b>Condition:</b> Unserviceable Standard Item: Percent of useful peacetime life remaining applied to the replacement or standard price; or use 80 percent of the replacement or standard price, less the overhaul cost, but not less than 20 percent of the replacement price or standard price.</p>
<p><b>Note:</b> 1. The pro rata nonrecurring charge is applicable to private parties and is adjusted by the remaining useful peacetime life percentage.</p>

Table 13-3



ITEMS INCLUDED IN STANDARD PRICE

<b>Description</b>	<b>PA Major Item</b>	<b>DWCF SMA Items</b>
1. Current procurement/production costs latest representative buy for secondary/DLR items.	Applicable	Applicable
2. First destination transportation costs (actual or experience percentage factor.)	Applicable	See item 3
3. Cost recovery rate to recover current procurement cost, and to recover first and second destination transportation costs.	Not Applicable	Applicable
4. Cost recovery rate to recover current wholesale logistic operating costs incurred in the management of secondary\DLR items to include distribution depot costs.	Not Applicable	Applicable
5. Cost recovery rate to recover current wholesale inventory losses, to include a factor for retail inventory losses in shipment.	Not Applicable	Applicable
6. Cost recovery rate to fund wholesale inventory levels for new equipment.	Not Applicable	Applicable
7. Material inflation, which includes an element in the cost recovery rate, to recover current wholesale inflation.	Not Applicable	Applicable
8. Cost recovery rate to recover current safety of use/safety of flight costs.	Not Applicable	Applicable
9. Cost recovery rate to recover current depreciation costs of capital equipment.	Not Applicable	Applicable

Table 13-4

**ARMY MASTER DATA FILE STANDARD PRICE CONSTRUCTION WORKSHEET**  
**(PROCUREMENT APPROPRIATION ITEMS)**

A. Item Nomenclature <u>M997, Ambulance (HMMWV), MODEL #M997</u>	
B. National Stock Number <u>2310-01-111-2274</u>	
C. Contract Number <u>DAAE07-83-CR034</u> D. Contract Date <u>FEB 87</u>	
E. Contract Line Number <u>4019</u> F. Contract Quantity <u>500</u>	
Attach supplemental worksheets where greater detail is needed to support cost elements. For additional information on cost elements, see paragraph 13-11.	
1. Contract Hardware Unit Cost	\$ 41,594.13
2. AMDF Price of Government Furnished Materiel (Per Unit)	0.00
3. First Destination Transportation per unit	615.53
4. Recurring Support and In-House & Contractor Engineering Cost Per Unit	2,590.34
5. Cost of modification per unit not included In Line 1 Above	0.00
6. Warranty Cost Not Included in Line 1 Above	0.00
7. Acceptance Testing, Lot Testing & Proof Testing Per Unit	0.00
Total Unit Cost (Line 1 through 7) 1	\$ 44,800.00
Prepared by _____ Date _____ Phone _____	
Verified by _____ Date _____ Phone _____	
Approved by _____ Date _____ Phone _____	
NOTE: 1. All lines should be filled in; if a cost element is not applicable, enter zero (0).	

Table 13-5

<b><u>CREDITED APPROPRIATIONS FOR REIMBURSEMENTS TO PERFORMING ACTIVITIES FROM PRIVATE ORDERS<sup>1</sup></u></b>	
Charge to be credited	Appropriation <sup>2</sup>
1. Services of military personnel. a. Composite pay rate, includes retirement b. Leave and holiday, 14 percent of a. c. Other benefits: Officers-6 percent of a. and b. Enlisted-18 percent of a. and b. d. Unfunded military labor.	MPA MPA MPA MPA MPA MPA
2. Services of civilian personnel. a. Salary cost. b. Leave and holiday, 18 percent of a. c. DoD funded fringe benefits: (1) 24.5% for billings to other DoD components and Federal Agencies (2) 34.1% for billings to all others (includes 9.6 % for unfunded civilian retirement costs). d. Civilian retirement cost not funded by DoD appropriation, 14.7 percent of a and b.	OMA, RDTE, or DWCF OMA, RDTE, or DWCF OMA, RDTE, or DWCF Miscellaneous Receipts Account
3. Inventory items. a. Non-excess Procurement Appropriation item from stock that requires replacement in-kind or by later models or versions. b. Non-excess item not replaced within the obligation availability of current procurement appropriations. c. Excess procurement funded principal (major) items. d. Excess and non-excess Stock Fund/DWCF items.	Financing procurement appropriations as applicable, current at the time all items are dropped from inventory.  Miscellaneous Receipts Account  Miscellaneous Receipts Account  Defense Business Operations

	Fund
4. TDY costs financed by appropriation or fund accounts.	OMA, RDTE, or DWCF
5. Accessorial surcharge. a. PCH b. Transportation	O&M appropriation current at the time services/ transportation is provided, or DWCF, as applicable.
6. Contract administration surcharges. This is a combination of cost for military and civilian personnel services and charges for use of DoD assets and TDY costs.	MPA, OMA, DWCF, or Miscellaneous Receipts Account
<b><u>CREDITED APPROPRIATIONS FOR REIMBURSEMENTS TO PERFORMING ACTIVITIES FROM PRIVATE ORDERS<sup>1</sup></u></b>	
Charge to be credited	Appropriation <sup>2</sup>
7. Charges for the use of DoD assets. <sup>3</sup> a. 1 percent asset use charges and contractor rental payments. b. 4 percent asset use charge.	Miscellaneous Receipts Account
8. Nonrecurring production charges.	Miscellaneous Receipts Account
9. Nonrecurring RDTE charge.	Miscellaneous Receipts Account
10. Nonrecurring cost on Direct Sales.	Miscellaneous Receipts Account
11. Royalty fee charges.	Miscellaneous Receipts Account
Notes: 1. Only when specifically allowed by law or the Army's implementing regulations may collections be returned to the applicable appropriation that obtained the services or materiel being sold. 2. See DFAS-IN Manual 37-100-FY (The Army Management Structure) for additional guidance. 3. See Section 1535 for asset use reimbursements related to training cases.	

Table 13-6

<b><u>STANDARD PERCENTAGE RATES FOR ACCESSORIAL CHARGES</u></b>	
<b>Function</b>	<b>Percentage<sup>1</sup></b>
Packing, crating, and handling at storage depot or manufacturer for direct deliveries <sup>2,3</sup>	3.50
<b>Parcel post (CONUS destinations) :</b>	
Parcel post rate is not additive to other CONUS transportation rates; it is additive to overseas transportation	3.75
CONUS transportation	3.75
CONUS port unloading and handling	2.50
Overseas inland transportation	3.00
Overseas port unloading and handling	1.00
Ocean transportation from CONUS to:	
Alaska, Hawaii, Europe, Latin America, and Mediterranean Ports	4.00
Newfoundland, Labrador, Thule, Iceland, South America (east and west coasts), Far East, African Ports (other than Mediterranean), and Near East.	6.00
<b>NOTES :</b>	
1. Percentages are applicable to billing price of materiel shipped or inventory price of materiel issued without reimbursement. These reimbursement rates shall not be arbitrarily applied to the acquisition price of all items having a unit value of \$10,000 or over. Instead, actual or estimated costs shall be used when determination is made by the supplying agency that a lower and more equitable charge will result.	
2. Source item packing is distinguished from cargo assembling, packing, and preservation, such as shipments placed in sea vans or trailer vans at ports of embarkation. These latter services are normally performed by the purchasing DoD Component, and use actual or estimated costs as the basis for reimbursement.	
3. Storage charges shall be charged all non-DoD customers for customer-owned material which is held for 30 days or more. Storage charges are to be determined at the end of each 30 day period. A uniform DoD annual rate of .015 or .00125 monthly of the average value of customer-owned materiel shall be charged unless a commercial storage rate or actual cost is applicable.	

Table 13-7

**FAIR VALUE-SALES TO AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),  
DEPARTMENT OF STATE (DOS), FOR EXCESS ITEMS**

<b>Condition Code<sup>1</sup></b>	<b>Percent of original acquisition cost</b>
A-1 (serviceable, unused-good)	50
A-4 (serviceable, used-good)	40
A-2, A-5, B-1, C-1, D-1. B-4, C-4, D-4 (serviceable w/qualification, materiel is either unused in fair condition or used in good condition).	30
B-2, C-2, D-2, B-5, C-5, D-5, D-7, E-7, F-7, G-7 (serviceable w/qualification; if unused in fair condition; if used, in good condition.) (Also includes unserviceable items that are in good condition but require minor repairs.)	20
A-3, B-3, C-3, D-3, A-6, B-6, C-6, H-7, F-8 (serviceable, in poor condition; if unserviceable, in poor condition or unserviceable because item requires minor repairs).	10
D-H8, D-H9, F-9, F-X, G-X, H-X (unserviceable requiring major repairs).	5 <sup>2</sup>
<b>Notes:</b> 1. The supplying activity decides if an item is excess at the time the supply action is taken for shipment and the item is dropped from inventory. Or the decision may be made at the time of offer if in accordance with terms of the sales document. Excess items include contingency retention, economic retention, and potential excess items for reduced pricing purposes. 2. The scrap value of the item will be the minimum price charged if greater than the lowest percentage of original cost.	

Table 13-8

<b><u>CATEGORIES OF DWCF-SMA PRICE CHANGES AND APPROVAL LEVELS</u></b>		
CATEGORY	Approval Level	Type of Change *
a. All	AMC**	Set credit to zero when unit price goes to zero or item is dropped from Army Master Data File (AMDF).
b. NAMI	AMC**	Recalculate 3 percent serviceable credit on items when source of supply changes unit price.
c. SICA	AMC**	Recalculate serviceable and/or unserviceable credit when source of supply changes unit price.
d. SICA	AMC**	Recalculate credit IAW paragraph 130304.B., when item is no longer NIMSC 5.
e. SICA	AMC**	Set credit to 65 percent of standard price when item becomes NIMSC 5.
f. PICA (First Time Buy)	AMC**	Update price upon first time buy to replace provisioning or estimated standard price. Also, update credit values, as appropriate.
g. PICA (Foreign Military Sales demands only during prior 36 months)	AMC**	Update prices and set credit values to zero.
h. PICA (Unit of Issue changes)	AMC**	Update prices and credit values based on unit of issue change.
i. PICA (New Items)	AMC**	Update prices and credit values for items newly appearing in AMDF as AMI stock funded PICA items (can be based on estimated LAC and repair cost).
j. PICA (Prime/related Change)	AMC**	Recalculate standard price and serviceable/ unserviceable credit, based on changes in prime-related relationships or to correct prime-related errors.

Table 13-9

<b><u>CATEGORIES OF DWCF-SMA PRICE CHANGES AND APPROVAL LEVELS</u></b>		
<b>CATEGORY</b>	<b>Approval Level</b>	<b>Type of Change *</b>
k. PICA (change from Non-stock funded to Stock Funded)	SAFM-BUR	Calculate standard price to include CRR. Establish serviceable/unserviceable credit values, as appropriate.
l. PICA (Errors and other changes)	SAFM-BUR	Recalculate standard price and serviceable/unserviceable credit values, based on significant changes in net of credit price (> 10 percent).
m. PICA (Sets, Kits and Outfits (SKO) with NAMI components)	SAFM-BUR	Recalculate standard price when changes in cost of components causes significant changes in SKO prices (> 10 percent).
n. PICA (reparable items, which become Obsolete or Obsolescent)	SAFM-BUR	Set both serviceable and unserviceable credit to zero when sufficient serviceable assets are on-hand to satisfy anticipated future demands for the remaining service life of the item. Set unserviceable credit to zero only when on-hand serviceable and unserviceable assets combined are sufficient to satisfy these anticipated future demands.
o. PICA (Items in long supply)	SAFM-BUR	Set both serviceable and unserviceable credit to zero when sufficient serviceable assets are on-hand to satisfy anticipated future demands for the current future first budget year and one additional year. Set unserviceable credit only to zero when on-hand serviceable and unserviceable assets combined are sufficient to satisfy these anticipated future demands.

\* All changes may result in credit being reduced to zero.

\*\* Except for changes that result in a negative impact on fund cash or OPTEMPO buying power of one million dollars or more, which must be approved by SAFM-BUR

Table 13-9



<b>Exchange Pricing (EP) Terms</b>	
<b>Exchange Price (EP)</b>	is a discounted price charged to Army EP customers for issues of EP items in anticipation of a return of an item from the same family of NIINs within the DDP window; based on Loaded Repair Cost (LRC) plus Cost Recovery Rate (CRR)
<b>Delta Bill</b>	is an additional obligation to an EP customer as a result of an issue of an EP item in Tracking exceeding the DDP without a matching turn-in; based on standard price minus exchange price.
<b>Serviceable Exchange Price Return (SEPR)</b>	is the credit granted to an Army EP customer for the return of a serviceable EP item. SEPR is based on Exchange Price minus Cost Recovery Rate
<b>Delay Days Period (DDP)</b>	= Specified parameter period of time that an issue is available to be matched to a turn-in for a particular unit. Initial parameter will be set at 60 days for all units.
<b>Tracking</b>	= EP relevant transactions resident in EP Tracking that have not exceeded the DDP. Transactions in tracking have the potential to be matched.
<b>History</b>	= Repository for all transactions, including issues and returns, that have been closed in Tracking. Transactions are closed and posted to history after they either: 1) match with a return or issue of the same family of NINs and DoDAAC/UIC or 2) the DDP elapses without a match occurring. Transactions in history can no longer be matched.
<b>EP Item</b>	= An Army managed National Stock Number that is on an existing or planned national repair program and will have an exchange price as well as a standard price.
<b>Army EP Customer</b>	= Customers designated by HQDA to pay the exchange price for EP items for recurring demands.
<b>Non-EP Customer</b>	= Customers designated by HQDA to pay the standard price for EP items. Includes all non-Army customers and Army customers, who are not supported by Standard Army Retail Supply System (SARSS) and Global Combat Support System-Army (GCSS-A). All Army customers will be brought under EP upon full implementation of the Logistics Modernization Program (LMP) Enterprise Resource Package (ERP).

Table 13-10

<b>Exchange Pricing (EP) Terms</b>	
<b>Average Repair Cost (ARC).</b>	The annual ARC is a blended average of the Unit Funded Costs (UFC) for the three classes of repair, which are organic depot, contract depot, and below-depot. The weighting factors for each class are the repair quantities projected during the budget stratification which takes place during the POM cycle price build. The contract depot and below-depot UFCs are each based on a single year of historical average repair costs, while the organic depot UFC is based on a three-year average with the average being weighted 80 percent towards the most recent year and 10 percent towards each of the other two years.
<b>Loaded Repair Cost (LRC)</b>	is a formula, which comprises Average Repair Cost (ARC) and Washout costs for unit pricing purposes. LRC is separately calculated for each class of repair (i.e. organic depot, contract depot and below-depot) and then rolled up to the component level. The rolled up LRC is one of the components of EP, the other being the CRR. $LRC = (\text{Average Repair Cost multiplied by Final Recovery Rate Percentage}) \text{ plus } [\text{Latest Acquisition Cost multiplied by } (1 \text{ minus Final Recovery Rate Percentage})]$
<b>Final Recovery Rate (FRR)</b>	is the ratio between the number of units of a repairable item that are successfully repaired at a repair facility (less washouts) and the total number of units that are inducted into repair.
<b>Washout Rate</b>	is the ratio between the number of units of a repairable item that wash out after being inducted into repair and the total number of units that are inducted. Washout costs are required to fund the replacement through acquisition of unserviceable items sent to a repair facility that cannot be repaired. $\text{Washout Rate} = (1 \text{ minus Final Recovery Rate (FRR) Percentage})$ .
<b>Cost Recovery Rate (CRR)</b>	is the rate, which equitably allocates the fund's budgeted outlays for Supply System Operating Costs to the prices charged for specific secondary items. The CRR recovery funds the Supply System Cost of Operations in the budget year. Washout costs are not included in the CRR.
<b>Standard Price (SP)</b>	is the full price charged to non-EP customers for EP items. Unserviceable credit (UCV) and serviceable credit (SCV) is granted to non-EP customers for returns of EP items. $SP = \text{Latest Acquisition Cost (LAC) plus Cost Recovery Rate (CRR)}$
<b>Serviceable Credit Value (SCV)</b>	is the credit allowed to non-EP customers for returns of serviceable EP items. SCV is approximately equal to Latest Acquisition Cost (LAC) .
<b>Unserviceable Credit Value (UCV)</b>	is the credit allowed to non-EP customers for returns of unserviceable EP items. UCV is normally Latest Acquisition Cost (LAC) minus Loaded Repair Cost. (LRC)

Table 13-10

## EXCHANGE PRICING FINANCIAL CROSS-LINK REQUEST FORM

**DO NOT FILL IN (FXLHELP@ATT.COM TO COMPLETE):**

Requester Number:	LCMC (RIC):	Date of Submission
<b>APPROVED/DENIED:</b>		
Date of Approval/Denial		

<b>1. REQUESTER</b>
Name:
Phone (COM): DSN:
EMAIL Address:
ACOM/ASCC/DRU:
Unit
DoDAAC
<b>Requisition NIIN:</b>
<b>Turn-in NIIN:</b>
Reason for request of cross-link (e.g. Directive for replacement). Provide document numbers, if available:

<b>2. LCMC POC (Designated LCMC POC)</b>
Name:
RIC:
Phone (COM): DSN:
EMAIL Address:
Comments:

<b>3. LCMC VALIDATING POC (Weapon System Program Coordinator)</b>
Name:
Phone (COM): DSN:
EMAIL Address:
Recommend Cross Family Link: (Y/N) and reason:
Effective Date: Sunset Date: Retroactive Credit (Y/N): Date: Estimated Amount:
Recommended EP Price Increase, if any:
Reason for Price Increase:
If in process of being related in the OOU file in cataloging, estimated date of completion:

Table 13-11